

Vol. XII
TRANSCRIPT OF RECORD

(Pages 4111 to 4220)

Supreme Court of the United States

OCTOBER TERM, 1951

No. 428

**PENNSYLVANIA WATER AND POWER COMPANY
AND SUSQUEHANNA TRANSMISSION COMPANY
OF MARYLAND, PETITIONERS,**

vs.

FEDERAL POWER COMMISSION ET AL.

No. 429

**PENNSYLVANIA PUBLIC UTILITY COMMISSION,
PETITIONER,**

vs.

FEDERAL POWER COMMISSION

**ON WRITS OF CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT**

PETITIONS FOR CERTIORARI FILED NOVEMBER 16, 1951

CERTIORARI GRANTED FEBRUARY 4, 1952

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Results of Certain Corrections Made to

Exhibit 64Introduction

The allocation of Penn Water's cost made by the Commission Staff and testified to by Mr. G. H. Davis is shown in Exhibit 64.

The effect of the following three corrections to Exhibit 64 was shown by Exhibit 292, consisting of a revised Table VI of Exhibit 64.

1. Revision of the allocation of the Perryville Line between Baltimore Company and the P.R.R.
2. Separation of Manor Substation from "Balance of Transmission" and allocation of this substation in the same manner as the 220 kv. lines.
3. Recognition of the fact that backfeed received from Baltimore Company increased Penn Water's energy resources and thus increased the amount of energy which was supplied by Penn Water to Baltimore Company.

Counsel for the Staff of the Commission supplied photostatic copies of the following revised parts of Exhibit 64: Tables I, II, III, IV, V and V-c. These six revised worksheets are included as part of this report and they are referred to herein as Tables I, II, III, IV, V and V-c.

The results shown in Exhibit 292 also related to changes in Tables V-B and V-d of Exhibit 64 (T-11292-11295 and 11357). These two tables have been revised and are included as part of this report, and they are referred to herein as Tables V-B and V-d.

Purpose of this Report

The purpose of this report is to show the effect of certain corrections made to Exhibit 64 and in the results shown in Exhibit 292. The corrections have been made in several steps; and certain other errors are

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listed, but their correction is not carried out in detail.

In this report parts of the data and of the methods of Exhibit 64 are used, but such use in no way indicates agreement with those data or methods. The intent is to show, for illustrative purposes only, by the use of 1944 data and the general methods contained in Exhibit 64, the allocation of the overall amount of rate reduction for Penn Water found in Exhibit 64, with corrections herein made limited by the scope of that exhibit.

Summary of Results

The corrections made all reduce the computed excess of the revenue from Baltimore Company over the allocated cost to Baltimore Company. Starting with Exhibit 292, this excess determined by the Witness Davis was \$1,815,848 or 66.8% of the overall reduction shown in that exhibit. Corrections made in this report bring the excess of revenue over costs allocated to Baltimore Company to \$1,080,505 or 39.7% of the assumed overall reduction. Additional errors, if corrected, would further reduce the computed excess of revenue over costs allocated to Baltimore Company.

Transmission Losses, Special Facilities, Conowingo Payment (Revision R-1)

This first group of corrections relates to:

- (a) Correction of the amount of transmission losses,
- (b) Correction for cost of special facilities provided by Safe Harbor for use of the P.M.A. in Maryland, and
- (c) Correction in connection with the Conowingo back-water payment.

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Revision of Tables

To carry out the correction of these three errors, Tables IV, V, V-A, V-d, VI and VI-a have been revised. The revised sheets are included as part of this report and have been designated by the addition of R-1 to each table number. Wherever necessary, they are referred to as Table IV-R-1, V-A-R-1, etc.

In the preparation of these revised sheets another minor revision has been made in the form thereof, but not in the data or results involved. This has been the addition of the \$501,268 (shown in column 6 of Table VI, being there related to the "Energy Supply from Baltimore") as an adjustment to the "Total Cost" for the Pool in line 6, Table IV-R-1 and to the "Total Pool Cost" in column 5 of line 20 of Table V-R-1. This change permits the inclusion of the \$501,268 in the energy costs summarized at the bottom of Table V-R-1. The use of this amount, relating to "Energy Supply from Baltimore", in this particular fashion is not an endorsement of its correctness. The change is made to improve the form of presentation.

The revised Table VI-R-1 involves changes in costs allocated to and revenue received from Baltimore Company. The net result of these changes is a reduction of \$171,895 in the excess of revenue over costs allocated to Baltimore Company.

Transmission Losses

The witness Davis testified (T-12010) that a change in transmission losses from 23,000 to 18,000 kw. would increase the "Balance available for Baltimore from Holtwood Co.", shown in line 29, Table V-A of Exhibit 64, from 10,820 kw. to 13,760 kw.

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Correction in connection with a change in losses from 23,000 kw. to 18,000 kw. has been made beginning with a change in line 10, column 5 of Table V-A-R-1, and continuing in column 1, lines 5 and 6 of Table V-d-R-1 and in column 2, lines 1 to 5 of the same table. The revised figures in Table V-d-R-1 are then used in making changes in line 26, column 3 of Table V-R-1 and in several of the columns of Table VI-R-1.

Safe Harbor's Special Facilities for P.R.R.

In connection with the excess of cost of 25 cycle, single phase service at Safe Harbor, over the cost of 60 cycle 3 phase service, the witness Davis testified (T-11775) "it probably could be said that it is most accurate to segregate this excess cost and assign it proportionately to the railroad service in Pennsylvania and in Maryland on the same basis as the allocation of the Monestoga Substation. If this method were to be followed, it would reduce the pool costs by \$46,900, and increase costs allocated to Baltimore by 39 per cent of this amount, or \$18,291 and increase costs assigned to the railroad for service in Pennsylvania by 61 per cent, or \$28,609."

Corrections have been made to reflect this segregation of this excess cost of 25 cycle facilities at Safe Harbor. In line 2 of Table IV-R-1, which line is entitled "Bill for Safe Harbor Power," the allocation to the Pool, column 6, is reduced and direct allocations are made to the P.R.R. (add \$28,609 in col. 4) and to Baltimore (add \$18,291 in col. 5). The totals in line 6, columns 4, 5 and 6, are correspondingly changed, and these corrections are carried through Table V-R-1, beginning with line 19 and Table VI-R-1.

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Conowingo Backwater Payment

The entire amount of \$133,750 paid annually to Penn Water by Susquehanna Electric Company was included in the revenue from Baltimore Company in Table VI of Exhibit 64 and also in Exhibit 292. The inclusion of this amount as revenue from Baltimore Company is incorrect.

The revenue Baltimore Company pays Penn Water is based in part on the amount of net power revenue of Penn Water in the year 1930, with certain adjustments described in Article III(a) of the 1931 Agreement. If the Conowingo backwater agreement had not been made prior to 1930, the amount of net power revenue in that year would have been less and the base figure in the computation of the bill to Baltimore Company would be less. Consequently it is not correct to say that, in the absence of the Conowingo backwater agreement, Baltimore Company would today pay to Penn Water \$133,750 or any other amount in excess of what they actually pay.

By the Conowingo agreement, made in 1926, Penn Water gave up certain resources that would otherwise have been available for service to all its customers. It receives in return certain annual payments which are a benefit to Penn Water itself. Either Penn Water should retain this benefit for itself or the payment should serve to reduce the cost to all its customers in proportion to their use of the hydro production facilities at Holtwood.

In Table IV-R-1, the Conowingo payment is shown as a credit against the total cost of service to the Pool and in Table V-R-1 as a credit against the Hydro Production Cost. In Table VI-a-R-1 the payment is omitted from the total of "Revenue shown for Baltimore." The changes carry through to the results shown in Table VI-R-1.

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Allocation of Costs Based on Baltimore Company's Use of Capacity in Excess of Dependable Capacity (Revision R-2)

The next change in Exhibits 64 or 292 that is herein considered is the correction of the allocation of costs, shown in Table V, between capacity and energy costs. Mr. Davis allocated 32.5% of the Hydro costs to energy on the basis that 32.5% of the installed capacity was capacity in excess of the dependable capacity and that this excess capacity "can be considered as installed for the primary purpose of producing additional energy during periods of high river flow" (T-1190, line 10). This excess capacity and additional energy produced during periods of high river flow is used by Baltimore Company or is sold as interchange, the revenues from which reduce the payments made by Baltimore Company to Penna-Water.

This correction of costs to reflect Baltimore Company's use of the 32.5% of installed capacity in excess of dependable capacity requires revision of Tables V, V-d, and VI. The revised sheets are identified by the addition of R-2 to the table numbers. This revision incorporated changes made previously in this report and shown on sheets designated R-1.

The principal change required to make this correction is that the 32.5% of hydro production costs shown in line 24 of Table V-R-2 should be charged directly to Baltimore Company. The 67.5% of the hydro cost, allocated in Exhibit 64 as capacity cost, must be allocated to all the firm customers on the basis of their use of the dependable hydro capacity. Although this use involves both capacity and energy, and although costs should be allocated in accord with both such uses, Mr. Davis has considered this to be a capacity cost. Consequently it is also considered here to be a capacity cost, avoiding for the present the necessity for allocation of a fixed cost between

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capacity and energy.

The variable steam cost and cost of backfeed energy are then the only costs shown in Exhibit 64 that are to be allocated here on the basis of energy.

Since most of the energy that Baltimore Company obtains (376,917,000 kwh. being the revised amount determined by Mr. Davis and shown in Exhibit 292) is not related to its use of the dependable hydro capacity allocated to Baltimore, it is proper to recognize this fact in the allocation of the Holtwood steam cost and the assumed energy cost of backfeed from Baltimore Company. Such recognition might be given by assuming that the energy directly related to Baltimore Company's use of dependable hydro capacity allocated to it is such as to produce a load factor of about 60%, this being somewhere near the average of the other customers. On this basis Baltimore Company would receive, what might be called for purposes of this computation "firm energy," an amount of about 73,000,000 kwh. ($8784 \text{ hrs.} \times 13760 \text{ kw.} \times 60\%$). This amount of "firm energy" is shown on line 5 of Table V-d-R-2. The total firm energy supply, shown in line 6 of the same table, over which we must spread the steam and backfeed cost is then about 810,000,000 kwh. The balance of the energy supplied to Baltimore Company, which amounts to 303,917,000 kwh. and which is, for the present, considered to be associated with Baltimore's use of the excess capacity, is shown in line 7.

Changes can now be made at the bottom of Table V-R-2 in the computation of the unit cost for energy. The unit cost for capacity does not change from that computed for Revision R-1.

In Table VI-R-2, the cost to Baltimore Company for the use of

the capacity in excess of dependable capacity, 2781,460, is set forth as a separate item. These services would include considerable capacity that is needed and used by Baltimore Company, energy in the amount of about 303,917,000 kwh., and other electric services. Relating the cost to energy alone results in a rate of 2.6 mills.

As a matter of fact, however, not all of this 303,917,000 kwh., or even all the other services in excess of those supplied from Baltimore Company's allocated portion of the dependable capacity, are supplied from "capacity in excess of dependable capacity." A large part of the services supplied to Baltimore Company is supplied from the dependable capacity allocated to others. In high flow, a considerable part of the energy for Baltimore (including energy used for interchange) is generated by the dependable capacity allocated to the other customers at times when the loads of these other customers are less than their allocated capacities. At other times this dependable capacity allocated to others is used to provide spinning reserve and reactive capacity for Baltimore Company. The cost of these services is not included in the amount of 2781,460 directly allocated to Baltimore Company. For this reason the results in Table VI-R-2 are illustrative only of a partial correction on the basis of Baltimore Company's use of facilities. They do not provide a proper allocation of cost, even on the assumption that Baltimore Company does use all the "capacity in excess of dependable capacity," for in fact it uses even more services than this capacity can provide.

Redefinition of Use of Pool Facilities (Revision R-3)

Hydro plants such as Holtwood and Safe Harbor are built to provide sources of both capacity and energy as well as other services. They are operated today for those purposes. Mr. Spaulding testified that a 50-50

division of total hydro costs between capacity and energy is reasonable. He also testified that a similar division should be made of the Holtwood steam plant costs and certain transmission plant costs.

An allocation on this basis, without any additional changes, can be made quite simply. The capacity and energy costs at the bottom of Table V-R-1 must be redetermined and corresponding corrections made to VI-R-1. The two revised sheets are designated V-R-3 and VI-R-3. In this revision there are incorporated all the revisions in the R-1 tabulations but none of the revisions in the R-2 tabulations. As compared with Table VI-R-1, Table VI-R-3, shows a reduction in the excess of revenue from Baltimore over the allocated costs amounting to \$229,488.

Corrected Statement of Dependable Capacity (Revision R-4)

The next changes that were made relate to dependable capacity:

(1) correction of the amount of dependable capacity, and (2) correction of the division of dependable capacity between Holtwood and Safe Harbor. The dependable capacity, resulting from the coordinated operation of Areas 5 and 6, available to the combined Area 6 and Penn Water's and Safe Harbor's firm Pennsylvania customer loads for the condition of most adverse flow at the time of the December peak, and with dependence on drawdown for a relatively small part of this capacity, was 292,000 kw. This results from the deduction of 26,000 kw. made available to Area 5, from the 324,000 kw. shown in Schedule 16 of the Penn Water-Safe Harbor Form 12 Report for 1944. The utilities in Area 5 relied on this 26,000 kw. capacity from Area 6 as their share of the benefits from coordinated operation. The witness Watchorn testified that 100,000 kw. of the Holtwood hydro capacity is dependable and is unrelated to the installed or to the dependable capacity at Safe Harbor.

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These corrections in dependable capacity require a complete revision of Table V-A-R-1, revision of lines 5 and 6 of V-d-R-1, and change in the unit cost of capacity on Table V-R-3 (without change in the amount of the capacity and energy costs from those computed previously for the 50-50 split of costs shown on Table V-R-3). These revised tables have been designated by the addition of R-4 to the table numbers. As compared with Table VI-R-3, Table VI-R-4 shows a further increase in costs allocated to Baltimore Company amounting to \$333,960.

Up to this point the excess of revenue from Baltimore Company over costs allocated to Baltimore Company has been reduced by about \$925,000. This reduction is shown by comparison of the original Table VI of Exhibit 64 with Table VI-R-4 of this report. The approximate difference of \$925,000 includes the corrections shown by Exhibit 292 as well as those made herein.

Other Errors

There are other corrections that should be made to Exhibit 64, other than those already discussed in this report. Among these other corrections that should be made are some that depend on information not available from Exhibit 64, Exhibit 292, the worksheets supplied by Commission Counsel in connection with Exhibit 249, or the testimony relating to any of these exhibits. The net result of all the following suggestions is probably not more than \$100,000 further reduction in the excess of revenue from Baltimore over costs allocated to Baltimore Company.

The following is not intended to be a complete list of all the corrections that should be made in Exhibit 64.

Table I

Lines 7, 8, 9, 10 (also Manor Substation part of "Balance of

- 11 -

Transmission") - Allocate all 220 kv. facilities 100% to Baltimore.

Lines 11 and 13 - The Perryville line is used for service to the P.R.R.; but when it becomes necessary to make an allocation of its cost to Baltimore Company, then its use for interchange should be considered a use by Baltimore Company and about 95% of the total cost allocated to that Company.

Line 15 - Part of the cost shown in column 6 should be allocated to Baltimore Company on basis of interchange use being a use by Baltimore Company.

Line 22 - Allocate Lehman Farm Substation, included in "Balance of Transmission," to P.P.& L.Co..

Line 22 - The entire amount of disallowance in cost of Transmission Plant as shown in Commission Exhibit 51 has been applied against "Balance of Transmission." In Exhibit 51 not all of these disallowances are applied to the several items of property grouped in Line 22.

Lines 24 and 25 - Intangible and general plant should be distributed among the pool and the special facilities for the several customers in proportion to the sums of lines 3 and 23. This principle of allocation of intangible and general plant was stated by Mr. Davis (T-11781) "In practically every case that I have ever seen, intangible and general plant is spread over the classified items on the ratio of the totals of each classified group."

Table II

The changes to be made in Table I require corresponding changes in all seven lines of Table II.

Table III

The changes in allocation of investment in Table I require cor-

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responding changes in lines 8, 9, 11, 14 and 15.

Line 17 - The Administrative and General Expense should be allocated to all customers as well as to the pool, just as in Table V-c it was allocated among Hydro, Steam, and Transmission facilities. The amount of Administrative and General Expense here used is incorrect and does not contain all expenses shown by the Company's reports. The improper deduction of \$9,703 from this expense is shown in Table III-a.

Table IV

Line 1 - Show the corrected totals from Table III.

Line 2 - The amount shown is not the actual payment by Penn Water to Safe Harbor in 1944.

Line 3 - The tax allocation (details of which were shown at T-11795) is incorrect. With the data available it is possible and proper to allocate certain taxes between property in Pennsylvania and Maryland.

Table V

The additional corrections to this table are those that result from changes in Tables I, II, III and IV.

Table V-A

Line 1 - Change steam capacity from 26,000 kw. to 28,000 kw.

Lines 16 to 24 - Increase reserve to 15%, but only when dependable capacity is correctly shown as reported in Schedule 16 of FPC Form 12 of Penn Water and Safe Harbor. For the dependable capacity shown in Exhibit 64, no reserve is required.

Line 23 - Show correct P.R.R. load at time of system peak rather than billing demand.

Table V-B

Include daily net backfeed from Baltimore Company and purchased

- 13 -

Pennsylvania interchange among energy resources of Penn Water. Change cost of backfeed energy from Baltimore Company (wherever it may appear in Table VI or revisions of Tables IV and V) to a cost computed on a daily net basis.

Adjust amount of backfeed downward to represent average flow conditions.

Table 14

Include proper amount of reserve with customers maximum demands; but only when dependable capacity is correctly stated on basis of Penn Water-Safe Harbor Form 12, Schedule 16. Include swing carrying capacity, but only where it is larger than proper reserve.

Use maximum demand of P.R.R. rather than billing demand. Use one hour Coatesville peak.

REVISED WORK SHEETS FOR EXHIBIT 249 (or 292)

Tables I)	
II)	
III)	Supplied by Commission Counsel
IV)	
V)	
V-c)	
V-B)	Corrections based on testimony
V-d)	of Witness Davis

Revised Worksheet
Supplied by
Commission Counsel

Table I

HOLTWOOD AND SUSQUEHANNA AVERAGE PLANT IN SERVICE - 1944
ITEMS ASSIGNED TO INDIVIDUAL CUSTOMERS AND THE POOL

	P.P. & L. Co. 1	P.E. Co. 2	Ed. Lt. & Pr. Co. 3	P.R.R. Co. 4	Baltimore 5	Pool 6	Total Service 7
Plant In Service							
Production Plant							
1 Hydro						\$15,847,426	\$15,847,426
2 Steam						4,527,533	4,527,533
3 Total Production Plant						\$20,375,019	\$20,375,019
Transmission Plant							
4 Kanor Substation (2/3 Balt., 1/3 Pool)					114,166	57,083	171,249
5 Holtwood - Baltimore Line					\$1,371,281		\$1,371,281
6 Highlandtown Substation					971,877		971,877
7 Baltimore - Gunpowder Line					171,357		171,357
8 Safe Harbor - Westport Line (2/3 Balt., 1/3 Pool)					1,158,200	579,150	1,737,350
9 Safe Harbor - Riverside Line (2/3 Balt., 1/3 Pool)					1,012,710	506,353	1,519,063
10 Washington - Ellicott Line (2/3 Balt., 1/3 Pool)					210,772	105,385	316,157
11 Ellicott Switching Station (2/3 Balt., 1/3 Pool)					113,590	21,794	135,384
12 Safe Harbor - Ferryville Line (40% P.R.R., 60% Baltimore)				442,129	663,193		1,105,322
13 Conestoga Substation (61% P.R.R., 39% Baltimore)				719,925	160,280		1,180,205
14 Ferryville Switching Station (40% P.R.R., 60% Baltimore)				291	437		728
15 Violet Hill Substation			393,418				393,418
16 Holtwood - York Line (29% Ed. Lt. Pr. Co.)			116,126			356,162	504,918
17 Holtwood - Conestoga Line		586,725					586,725
18 Newlinville Switching Station		9,959					9,959
19 Holtwood - Lancaster Line	17,025						17,025
20 Englewood Switching Station	6,635						6,635
21 Donagel and Donagel Tap Switching Stations	12,609						12,609
22 Manheim and South Akron Switching Stations	3,119						3,119
23 Balance of Transmission						1,388,841	1,388,841
24 Total Transmission Plant	\$55,418	\$596,684	\$539,814	1,162,345	6,177,963	\$3,017,100	\$11,533,354
25 Intangible Plant						173,070	173,070
26 General Plant						772,797	772,797
27 Total Plant in Service	\$55,418	\$596,684	\$539,814	1,162,345	6,177,963	\$4,342,896	\$12,861,150
Percent of Total	0.1	1.3	1.7	3.5	18.8	74.1	100.0

Revised Worksheet
Supplied by
Commission Counsel

Table II

DEVELOPMENT OF RATE BASE
FOR
FACILITIES ASSIGNED TO INDIVIDUAL CUSTOMERS AND THE POOL

	<u>P.P. & L. Co.</u> <u>1</u>	<u>P.E. Co.</u> <u>2</u>	<u>Ed. Lt. & Pr. Co.</u> <u>3</u>	<u>P.R.R. Co.</u> <u>4</u>	<u>Baltimore</u> <u>5</u>	<u>Pool</u> <u>6</u>	<u>Total Service</u> <u>7</u>
1 Total Plant in Service	\$39,418	\$596,684	\$539,844	1,162,345	6,177,963	\$24,344,896	\$32,861,150
2 Depreciation Reserve	<u>4,375</u>	<u>106,365</u>	<u>136,034</u>	<u>163,095</u>	<u>1,038,386</u>	<u>6,529,863</u>	<u>7,976,118</u>
3 Net Plant in Service	35,043	190,319	403,810	999,250	5,139,577	17,815,033	24,883,032
Working Capital							
4 Cash Working Capital	-	2,016	4,032	2,016	23,296	192,640	224,000
5 Materials and Supplies	<u>290</u>	<u>5,224</u>	<u>4,011</u>	<u>10,157</u>	<u>54,556</u>	<u>290,840</u>	<u>366,000</u>
6 Total Working Capital	290	7,240	8,965	12,173	77,852	483,480	590,000
7 Rate Base	<u>\$35,333</u>	<u>\$197,559</u>	<u>\$412,775</u>	<u>1,011,423</u>	<u>5,217,429</u>	<u>18,298,513</u>	<u>\$25,473,032</u>

Revised Worksheet
Supplied by
Commission Counsel

Table III

HOLTWOOD AND SUSQUEHANNA OPERATING EXPENSE - 1914
ITEMS ASSIGNED TO INDIVIDUAL CUSTOMERS AND THE POOL

	Holtwood and Susquehanna	P.P. & L. Co. 1	P.E. Co. 2	Ed. Lt. & Pr. Co. 3	P.R.R. Co. 4	Baltimore 5	Pool 6	Total Service 7
1	<u>Production Cost Exclusive of Purchased Power</u>							
2	Hydro	•	•	•	•	•	\$ 357,980	\$ 357,980
3	Steam - Fuel and Water						332,035	332,035
4	Steam - Boiler Plant & Coal Handling Equip. Mt.						53,152	53,152
5	Steam - Other Operating and Maintenance						201,310	201,310
	Total Production Expenses						944,477	944,477
6	<u>Transmission Lanor Substation (2/3 Balt., 1/3 Pool)</u>					516	258	774
7	Highlandtown Substation					78,661		78,661
8	Holtwood - Highlandtown & Baltimore - Gunpowder Lines					41,474		41,474
9	Ellicott Switching Station (2/3 Baltimore)					739	369	1,108
10	Safe Harbor - Westport, Safe Harbor - Riverside, and Ellicott - Washington Lines (2/3 Baltimore)					19,633	24,817	44,450
11	Conestoga Substation (61% P.R.R. 39% Balt.)				8,477	5,419		13,896
12	Safe Harbor - Perryville Line (40% P.R.R., 60% Baltimore)				6,830	10,244		17,074
13	Holtwood - Coatesville Line		15,012					15,012
14	Violet Hill Substation			30,195				30,195
15	Holtwood - York Line (29% Ed. Lt. & Pr. Co.)			2,918			6,104	8,022
16	Balance of Transmission Expense	788					73,166	73,954
17	Total Transmission Expense	\$ 788	\$15,012	\$32,713	\$15,307	\$186,686	\$ 104,000	\$ 354,506
18	<u>Administrative and General Expenses</u>						190,891	190,891
19	Total Operating Expense Exclusive of Purchased Power	\$ 788	\$15,012	\$32,713	\$15,307	\$186,686	\$1,539,368	\$1,789,874
20	Percent of Total	-	0.9	1.8	0.9	10.4	86.0	100.0

Revised Worksheet
Supplied by
Commission Counsel

Table IV

ASSEMBLY OF TOTAL COSTS ASSIGNED DIRECTLY TO CUSTOMERS AND THE POOL

	<u>P.P. & L. Co.</u> <u>1</u>	<u>P.E. Co.</u> <u>2</u>	<u>Ed. Lt. & Pr. Co.</u> <u>3</u>	<u>P.R.P. Co.</u> <u>4</u>	<u>Baltimore</u> <u>5</u>	<u>Pool</u> <u>6</u>	<u>Total Service</u> <u>7</u>
1 Operating Expense	\$ 788	\$15,012	\$32,713	\$ 15,307	186,686	1,539,368	\$1,789,874
2 Bill for Safe Harbor over						992,535	992,535
3 Taxes	7,696	12,251	9,931	22,088	103,480	381,518	530,904
4 Depreciation Expense	723	6,548	9,385	19,235	69,526	358,795	464,212
5 Return 5 Percent	1,766	24,678	20,639	50,571	260,871	914,926	1,273,051
6 Total Cost	<u>\$10,973</u>	<u>\$58,689</u>	<u>\$72,668</u>	<u>107,201</u>	<u>620,563</u>	<u>4,187,142</u>	<u>\$5,057,230</u>

Revised Worksheet
Supplied by
Commission Counsel

Table V

ALLOCATION OF POOL COSTS TO CAPACITY AND ENERGY COMPONENTS AND
DEVELOPMENT OF UNIT COSTS PER KILOWATT AND PER KILOWATT-HOUR

	Production Facilities			Transmission Facilities	Total Jointly Used Plant
	Hydro 1	Variable 2	Fixed 3		
1 Production Plant	\$15,847,486		\$4,527,533	\$	\$20,375,019
2 Transmission System				3,017,100	3,017,100
3 Total Jointly Used Plant Directly Classified	15,847,486		4,527,533	3,017,100	23,392,119
4 Percent Total	67.7		19.4	12.9	100.0
5 Intangible and General Allocated	645,030		184,839	122,908	952,777
6 Total Jointly Used Plant in Service	16,492,516		4,712,372	3,140,008	24,344,896
7 Depreciation Reserve	4,383,472		1,489,064	657,327	6,529,863
8 Net Investment	12,109,044		3,223,308	2,482,681	17,815,033
9 Working Capital	65,690		107,686	19,264	192,640
10 Materials and Supplies	196,899		56,423	37,518	290,840
11 Total Working Capital	262,589		164,109	56,782	483,480
12 Rate Base	\$12,371,633		3,387,417	2,539,463	18,298,513
<u>Total Cost of Service</u>					
13 Operating Expense excluding Purchased Power	\$ 525,374	\$ 565,344	\$ 295,561	\$ 153,089	\$ 1,539,368
14 Taxes					
15 Property and Capital Stock and Income (Plant Ratio)	244,366		70,025	46,563	360,954
16 Retirement and Unemployment and Miso. (Operating Ratio)	7,012	7.547	3,948	2,057	20,564
17 Depreciation Expense	197,272		114,390	47,133	358,795
18 Return - 9% of Rate Base	618,582		169,371	126,973	914,926
19 Purchased Power	992,535				992,535
20 Total Pool Cost	\$ 2,585,141	\$ 572,891	\$ 653,295	\$ 375,815	\$ 4,187,142
<u>Classification to Demand and Energy Components</u>					
		<u>Total</u>	<u>Capacity</u>	<u>Energy</u>	
21 Total Hydro Power Cost, 67.5% Capacity		\$ 2,585,141	1,744,970	\$ 840,171	
22 Variable Steam Costs		572,891		572,891	
23 Fixed Steam Cost		653,295	653,295		
24 Transmission Cost		375,815	375,815		
25 Total Cost		\$ 4,187,142	\$ 2,774,080	1,413,062	
26 Unit Costs			\$19.16/Kw	1.27 Mills/Kwh	

Table V - c

OPERATING EXPENSE

OPERATION AND MAINTENANCE OF JOINTLY USED FACILITIES

	P r o d u c t i o n			Trans- mission	Total
	Hydro	Steam			
		Fixed	Variable		
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
1 Total Hydro	*357,980				357,980
Steam					
2 Fuel and Water			332,035		332,035
3 Boiler and Coal					
Equip. Mt.			53,152		53,152
4 Other Steam		201,310			201,310
5 Transmission				104,000	104,000
6 Subtotal	357,980	201,310	385,187	104,000	1,048,477
7 Percent Total	34.1	19.2	36.7	10.0	100.0
8 Adminis. and					
General	167,394	94,251	180,157	49,089	490,891
9 Total	525,374	295,561	565,344	153,089	1,539,368

[24293]

Exhibit No. 361

4130

Revised Worksheet for
Exhibit 292

Revisions based on testimony
of Witness Davis

Table V-3

SYSTEM LOAD DATA NET ENERGY FROM HOLLYWOOD PLANT
PLUS ONE-THIRD OF SAFE HARBOR 1944, WITH ADDITION TO ADJUST FOR AN AVERAGE WATER YEAR

	Hydro (1)	Steam (2)	Total Generation (3)	Hollywood Plus 1/3 S.H. (4)
1 Net Generation				
2 Hollywood	512,765,000	171,091,000		683,856,000
3 Safe Harbor	772,112,000			257,381,000
4 Total	1,284,877,000	171,091,000	1,455,968,000	941,237,000
5 Transmission Loss				57,252,300
6 Net delivered				883,984,700
7 Delivery to Firm Loads				125,317,000
8 Pennsylvania RR Co. in Pennsylvania	194,082,000			1,009,301,700
9 Wholesale Sales to Utility Companies in Penna.	512,184,756			736,566,756
10 Total				1,745,868,456
11 Balance available to Baltimore Co.				272,734,944
12 Net Sales of Baltimore's energy in interchange 2/				120,600,000
13 Net delivery to Baltimore				152,134,944
15 Total delivered from generating stations - 1944				1,009,301,700
16 Additional delivery in average water year 1/				104,182,056
17 Total available in average water year				1,113,483,756
18 Total available to Baltimore - 1944				272,734,944
19 Additional available in average water year 1/				104,182,056
20 Total available to Baltimore average water year				376,917,000

1/ Actual Delivery to Baltimore 1944	152,134,944
Actual Received from Baltimore 1944	125,317,000
Actual Net Sale to Baltimore 1944	26,817,944
Company's Estimate of Sales to Baltimore in Avg. Year	131,000,000
Additional Sales in Average Year over 1944	104,182,056

2/ Energy to which Baltimore is entitled but chooses to sell in interchange in Pa.

Company	Purchased	Sold	Net Sales	Net Bill
M. E. Co.	6,133,000	65,166,000	59,033,000	\$296,993
P. E. Co.	21,771,000	40,901,000	19,130,000	91,739
P.P. & L. Co.	11,805,000	53,952,000	42,147,000	210,136
Total	39,709,000	160,019,000	120,310,000	\$628,868

Revised Worksheet for
Exhibit 292

Revisions based on testimony
of Witness Davis

Table V - d

NONCOINCIDENT MAXIMUM DEMANDS
ENERGY SALES IN PENNSYLVANIA AND AVAILABLE FOR
BALTIMORE IN A YEAR OF AVERAGE RIVER FLOW

	Annual Maximum Demand Kw 1	Percent Total 2	Holtwood Energy Sales in a Year of Average Flow		Load Factor 5
			Kwh 3	Percent Total 4	
1 P. P. & L. Co.	66,000	45.6	345,329,221	65.0 31.0	60
2 P. E. Co.	24,500	16.9	152,292,000	16.9 13.7	71
3 Ed. Lt. & Pr. Co.	9,560	6.6	44,863,535	4.6 4.0	53
4 P. R. R. in Pa.	33,900	23.4	194,082,000	19.0 17.4	65
5 Baltimore	10,820	7.5	251,600,000	25.6	200
6 Total Noncoincident Demand	144,780	100.0	988,166,756	100.0	
5 Baltimore			376,917,000	33.9	397
6 Total			1,113,483,756		

REVISIONS RELATING TO
TRANSMISSION LOSSES, SPECIAL FACILITIES,
AND CONOWINGO PAYMENT

Tables IV

V

V-A

V-d

VI

VI-a

-R-1

TABLE IV-R-1

Table IV - R-1

ASSEMBLY OF TOTAL COSTS ASSIGNED DIRECTLY TO CUSTOMERS AND THE POOL

	<u>P.P. & L. Co.</u> <u>1</u>	<u>P.E. Co.</u> <u>2</u>	<u>Ed. Lt. & Pr. Co.</u> <u>3</u>	<u>P.R.R. Co.</u> <u>4</u>	<u>Baltimore</u> <u>5</u>	<u>Pool</u> <u>6</u>	<u>Total Service</u> <u>7</u>
1 Operating Expense	\$ 788	\$15,012	\$32,713	\$ 15,307	186,686	1,539,368	\$1,789,874
2 Bill for Safe Harbor Power				28,609	18,291	945,635 992,535	992,535
3 Taxes	7,696	12,251	9,931	22,088	103,480	381,518	536,904
4 Depreciation Expense	723	6,548	9,385	19,235	69,526	358,795	464,212
5 Return 5 Percent	1,706	24,878	20,639	50,571	260,871	914,926	1,273,651
6 Total Cost	<u>\$10,973</u>	<u>\$58,689</u>	<u>\$72,668</u>	<u>207,202 \$135,810</u>	<u>626,363 \$638,854</u>	<u>4,187,142 \$4,140,242</u>	<u>\$5,057,236</u>
Add: Energy Supply from Baltimore (per cost shown in Col. 5, Table VI, Exhibit 64)						501,268	
Deduct: Conowingo Backwater Payment						(133,750)	
Balance=Pool Cost Allocated in Tables V and VI (R-1, R-2, R-3 and R-4)						<u>\$4,507,760</u>	

TABLE V-R-1

Table V-R-1

ALLOCATION OF POOL COSTS TO CAPACITY AND ENERGY COMPONENTS AND
DEVELOPMENT OF UNIT COSTS PER KILOWATT AND PER KILOWATT-HOUR

	Production Facilities			Transmission Facilities 4	Total Jointly Used Plant 5			
	Hydro 1	Steam						
		Variable 2	Fixed 3					
1 Production Plant	\$15,847,486		\$4,527,533	\$	\$20,375,019			
2 Transmission System				3,017,100	3,017,100			
3 Total Jointly Used Plant Directly Classified	15,847,486		4,527,533	3,017,100	23,392,119			
4 Percent Total	67.7		19.4	12.9	100.0			
5 Intangible and General Allocated	645,030		184,839	122,908	952,777			
6 Total Jointly Used Plant in Service	16,492,516		4,712,372	3,140,008	24,344,896			
7 Depreciation Reserve	4,383,472		1,189,064	657,327	6,529,863			
8 Net Investment	12,109,044		3,223,308	2,482,681	17,815,033			
9 Working Capital	65,690		107,686	19,264	192,640			
10 Materials and Supplies	196,899		56,423	37,518	290,840			
11 Total Working Capital	262,589		164,109	56,782	483,480			
12 Rate Base	\$12,371,633		3,387,417	2,539,463	\$18,298,513			
<u>Total Cost of Service</u>								
13 Operating Expense excluding Purchased Power	\$ 525,374	\$ 565,344	\$ 295,561	\$ 153,089	\$ 1,539,368			
14 Taxes								
15 Property and Capital Stock and Income (Plant Ratio)	244,366		70,025	46,563	360,954			
16 Retirement and Unemployment and Misc. (Operating Ratio)	7,012	7,547	3,948	2,057	20,564			
17 Depreciation Expense	197,272		114,390	47,133	358,795			
18 Return - 5% of Rate Base	618,582		169,371	126,973	914,926			
19 Purchased Power	992,535				992,535			
20 Total Pool Cost	2,369,141	572,891	653,295	375,815	4,107,142			
19 Purchased Power		945,635			945,635			
20 Energy Supply from Baltimore	\$ 501,268				501,268			
21 Conowingo Backwater Payment (Credit)		(133,750)			(133,750)			
22 Total Pool Cost	\$ 501,268	\$ 2,404,491	\$ 572,891	\$ 653,295	\$ 4,507,760			
<u>Classification to Demand and Energy Components</u>								
23	Energy Supply from Baltimore		<u>Total</u>	<u>Capacity</u>	<u>Energy</u>	<u>Total</u>	<u>Capacity</u>	<u>Energy</u>
24 -21	Total Hydro Power Cost, 67.5% Capacity		2,404,491	1,744,990	\$ 840,171	2,404,491	1,623,031	\$ 501,268
25 -22	Variable Steam Costs		572,891		572,891	572,891		572,891
26 -23	Fixed Steam Cost		653,295	653,295		653,295	653,295	
27 -24	Transmission Cost		375,815	375,815		375,815	375,815	
28 -25	Total Cost		4,107,142	2,774,000	1,413,062	4,507,760	2,652,141	\$ 1,855,619
29 -26	Unit Costs			619.16	1.27 Mills/kwh		17.95/kw	1.67 mills/kwh

Table V-A-R-1

TABLE V-A-R-1

BALANCE OF DEPENDABLE CAPACITY AVAILABLE FOR BALTIMORE CO.
INCLUDING ONE-HALF OF ADDITIONAL CAPACITY FROM S.H. PONDAGE

	Holtwood		Safe Harbor	Total Hydro	Total Hydro and Steam
	Steam (1)	Hydro (2)			
1 Installed Capacity	26,000 kw	104,000 kw	230,000 kw	334,000 kw	360,000 kw
2 Holtwood and Safe Harbor - % of total hydro		31.14	68.86	100.0	
3					
4 Dependable Capacity on regular weekly cycle of draw and refill				197,000 kw	
5 Plus one-half of additional capacity from use of S.H. pondage				28,500 kw	
6 Total dependable capacity allocated on basis of installed capacity	26,000 kw	70,221 kw	155,279 kw	225,500 kw	251,500 kw
7 Percent of total	10.3	27.9	61.8	89.7	100.00
8 Percent of Installed Capacity	100.0			67.5%	
9					
10 Reported station use and trans. loss allocated to dependable capacity	1,854 kw	5,022 kw	11,124 kw	16,146 kw	18,000 kw
11	24,146	65,199	144,155	209,354	233,500
12 Net Dependable Capacity available for load	24,146 kw	65,199 kw	144,155 kw	209,354 kw	233,500 kw
13					
14 Demands of Pa. Customers on System Peak Firm 12 - Pool					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					

	Non Firm	Firm	Firm Loads Plus 10% Reserve	
P.P. & L. Co.	2,000 kw	52,000 kw	57,200 kw	
P.E. Co.	10,000 kw	23,000 kw	25,300 kw	
Ed. L. & P. Co.		9,000 kw	9,900 kw	
M.E. Co.	12,000 kw			
Total for Resale	24,000 kw	84,000 kw	92,400 kw	92,400 kw
Balance for Baltimore and P.R.R.				141,100
P.R.R. Co. in Pa. Dec. billing		28,307 kw	31,237 kw	31,237 kw
Total coincident firm demand		112,307 kw	123,537 kw	
Balance available for Baltimore from Holtwood and Safe Harbor				109,863
Less Baltimore's two-third share of S.H.				96,103
Balance available for Baltimore from Holtwood Co.				13,760

TABLE V-d-R-1

Table V - d - R - 1

NONCOINCIDENT MAXIMUM DEMANDS

ENERGY SALES IN PENNSYLVANIA AND AVAILABLE FOR
BALTIMORE IN A YEAR OF AVERAGE RIVER FLOW

	Annual		Holtwood Energy Sales in a Year of		
	Maximum		Average Flow		
	Demand	Percent		Percent	Load
	<u>Kw</u>	<u>Total</u>	<u>Kwh</u>	<u>Total</u>	<u>Factor</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
1 P. P. & L. Co.	66,000	44.6	345,329,221	31.0	60
2 P. E. Co.	24,500	16.6	152,292,000	13.7	71
3 Ed. Lt. & Pr. Co.	9,560	6.5	44,863,535	4.0	53
4 P. R. R. in Pa.	33,900	23.0	194,082,000	17.4	65
5 Baltimore	10,000	7.6	861,000,000	85.6	265
6 Total Noncoincident	144,700	100.0	980,166,756	100.0	
Demand	144,700	100.0	980,166,756	100.0	
5 Baltimore	13,760	9.3	376,917,000	33.9	311
6 Total	147,720	100.0	1,113,483,756	100.0	

Table VI - R-1

APPLICATION OF UNIT COSTS TO CUSTOMERS' MEASURED LOADS
 ASSEMBLY OF CAPACITY, ENERGY AND SPECIAL FACILITY COSTS FOR EACH CUSTOMER
 COMPARISON OF TOTAL COST OF SERVICE WITH REVENUES COLLECTED

	Noncoincident Maximum Demands	Energy Sales in Year of Average River Flow	Capacity Costs	Energy Costs	Special Facilities Cost	Energy Supply from Baltimore		Total Cost	Total Revenue		Revenue in Excess of Allocated Costs	
						Charge to Customers at 4 Mill	Credit to Baltimore		Amount	Percent	Amount	Percent
	1	2	3	4	5	6	7	8	9	10	11	12
1 P. P. & L. Co.	66,000	315,329,221	\$1,184,953	\$ 575,491	\$ 10,973	Included in Col. 4	\$	\$1,771,417	\$2,176,256	28.5	\$ 404,839	14.9
2 P. E. Co.	24,500	152,292,000	439,869	253,794	58,689			752,352	986,360	12.9	234,008	8.6
3 Ed. Lt. & Fr. Co.	9,560	44,863,535	171,639	74,765	72,668			319,072	368,904	4.8	49,832	1.8
4 E. R. Co. in Pa.	33,900	194,082,000	608,635	323,437	135,810			1,067,882	1,155,514	19.1	387,632	14.2
5 Baltimore	13,760	376,917,000	247,045	628,132	638,854		(501,268)	1,012,763	2,656,716	34.7	1,643,953	60.5
6 Total	147,720	1,113,483,756	\$2,652,141	\$1,855,619	\$916,994		\$ (501,268)	\$4,923,486	\$7,643,750	100.0	2,720,264	100.0

Note: The totals in Cols. 8 and 9
 exclude an amount of \$135,750
 for the Conowingo Backwater
 Payment.

TABLE VI-a-R-1

Table VI - a-R-1

RECONCILIATION OF REVENUE SHOWN FOR BALTIMORE
WITH HOLIWOOD BILL TO BALTIMORE FOR 1944

Hollywood bill as rendered	\$2,027,849
Net interchange sales	628,867
Conowingo backwater payment	133,750
Total	\$2,790,466 \$2,656,716

[24303]

Exhibit No. 351

4140

REVISION OF ALLOCATION BASED ON
BALTIMORE COMPANY'S USE OF CAPACITY
IN EXCESS OF DEPENDABLE CAPACITY

Tables V)
)
 V-d) R-2
)
 VI)

TABLE V-d-R-2

Table V - d - R - 2

NONCOINCIDENT MAXIMUM DEMANDS

ENERGY SALES IN PENNSYLVANIA AND AVAILABLE FOR
BALTIMORE IN A YEAR OF AVERAGE RIVER FLOW

	Annual Maximum Demand Kw	Percent Total	Holtwood Energy Sales in a Year of Average Flow		Load Factor
			Kwh	Percent Total	
	1	2	3	4	5
1 P. P. & L. Co.	66,000	44.6	345,329,221	42.6	60
2 P. E. Co.	24,500	16.6	152,292,000	18.8	71
3 Ed. Lt. & Pr. Co.	9,560	6.5	44,863,535	5.6	53
4 P. R. R. in Pa.	33,900	23.0	194,082,000	24.0	65
5 Baltimore	10,828	7.5	251,600,000	25.3	265
6 Total Noncoincident Demand	144,788	100.0	988,166,756	100.0	
5 Baltimore ("Firm")	13,760	9.3	73,000,000	9.0	60
6 Total ("Firm")	147,720	100.0	809,566,756	100.0	
7 Baltimore (additional energy, not related to use of dependable capacity shown in line 5, col. 1)			303,917,000		
			<u>1,113,483,756</u>		

TABLE VI-R-2

Table VI - R-2

APPLICATION OF UNIT COSTS TO CUSTOMERS' MEASURED LOADS
 ASSEMBLY OF CAPACITY, ENERGY AND SPECIAL FACILITY COSTS FOR EACH CUSTOMER
 COMPARISON OF TOTAL COST OF SERVICE WITH REVENUES COLLECTED

	Noncoincident Maximum Demands	Energy Sales in Year of Average River Flow	Capacity Costs	Energy Costs	Special Facilities Cost	Energy Supply from Baltimore		Total Cost	Total Revenue		Revenue in Excess of Allocated Costs	
						Charge to Customers at 4 Mill.	Credit to Baltimore		Amount	Percent	Amount	Percent
	1	2	3	4	5	6	7	8	9	10	11	12
1 P. P. & L. Co.	66,000	315,329,221	\$1,184,953	\$458,174	\$10,973			\$1,654,120	\$2,176,256	28.5	\$522,136	19.2
2 P. E. Co.	21,500	152,292,000	435,869	202,066	58,689	Included in Col. 4		700,624	986,360	12.9	285,736	10.5
3 Ed. It. & Pr. Co.	9,560	44,863,535	171,637	59,526	72,668			303,833	368,901	4.8	65,071	2.4
4 R. R. Co. in Pa.	33,900	194,082,000	608,635	257,514	135,810			1,001,959	1,155,514	10.1	453,555	16.7
5 Baltimore	13,760	73,000,000	247,045	96,859	638,854		(501,268)	1,262,950***	2,656,716	34.7	1,393,766	51.2
6 Total	147,720	809,566,756	\$2,652,141	\$1,074,159	\$916,994		\$(501,268)	\$4,923,486	\$7,643,750	100.0	\$2,720,264	100.0
7 Baltimore		303,917,000*		781,460**								

Notes: * Additional energy not related to use of dependable capacity allocated to Baltimore
 ** Cost of capacity in excess of dependable capacity
 *** Includes cost shown in line 7
 The totals in Cols. 8 and 9 exclude an amount of \$133,750 for the Conowingo Backwater Payment.

[24307]

Exhibit No. 351

4144

REVISION BASED ON REDEFINITION
OF USE OF POOL FACILITIES
(50-50 DIVISION OF FIXED COSTS BETWEEN
CAPACITY AND ENERGY)

Tables V)
VI) -R-3

TABLE V-R-3

Table V-R-3

**ALLOCATION OF POOL COSTS TO CAPACITY AND ENERGY COMPONENTS AND
DEVELOPMENT OF UNIT COSTS PER KILOWATT AND PER KILOWATT-HOUR**

	Production Facilities			Transmission Facilities	Total Jointly Used Plant
	Hydro 1	Variable 2	Fixed 3		
1 Production Plant	\$15,847,186		\$4,527,533	\$	\$20,375,019
2 Transmission System				3,017,100	3,017,100
3 Total Jointly Used Plant Directly Classified	15,847,186		4,527,533	3,017,100	23,392,119
4 Percent Total	67.7		19.4	12.9	100.0
5 Intangible and General Allocated	645,030		184,839	122,908	952,777
6 Total Jointly Used Plant in Service	16,492,516		4,712,372	3,140,008	24,344,896
7 Depreciation Reserve	4,383,472		1,189,064	657,327	6,529,863
8 Net Investment	12,109,044		3,223,308	2,482,681	17,815,033
9 Working Capital	65,690		107,686	19,264	192,640
10 Materials and Supplies	196,899		56,423	37,518	290,840
11 Total Working Capital	262,589		164,109	56,782	483,480
12 Rate Base	\$12,371,633		3,387,417	2,539,463	\$18,298,513
Total Cost of Service					
13 Operating Expense excluding Purchased Power	\$ 525,374	\$ 565,344	\$ 295,561	\$ 153,089	\$ 1,539,368
14 Taxes					
15 Property and Capital Stock and Income (Plant Ratio)	244,366		70,025	46,563	360,954
16 Retirement and Unemployment and Misc. (Operating Ratio)	7,012	7,547	3,948	2,057	20,564
17 Depreciation Expense	197,272		114,390	47,133	358,795
18 Return - 5% of Rate Base	618,582		169,371	126,973	914,926
19 Purchased Power	992,535				992,535
20 Total Pool Cost	2,989,141	572,891	653,295	375,815	4,189,142
19 Purchased Power		945,635			945,635
20 Energy Supply from Baltimore	\$ 501,268				501,268
21 Conowingo Backwater Payment (Credit)		(133,750)			(133,750)
22 Total Pool Cost	\$ 501,268	\$ 2,404,491	\$ 572,891	\$ 375,815	\$ 4,507,760
Classification to Demand and Energy Components					
23 Energy Supply from Baltimore					
24 21 Total Hydro Power Cost, 67.5% Capacity 50-50 allocation					
25 22 Variable Steam Costs					
26 23 Fixed Steam Cost					
27 24 Transmission Cost					
28 25 Total Cost					
29 26 Unit Costs					
			Total	Capacity	Energy
			\$ 501,268		\$ 501,268
			2,404,491	1,202,246	1,202,245
			572,891		572,891
			653,295	326,647	326,648
			375,815	187,908	187,907
			4,507,760	1,716,801	2,790,959
				\$ 11.62/kw.	2.50 mills/kwh

TABLE VI-R-3

Table VI-R-3

APPLICATION OF UNIT COSTS TO CUSTOMERS' MEASURED LOADS
 ASSEMBLY OF CAPACITY, ENERGY AND SPECIAL FACILITY COSTS FOR EACH CUSTOMER
 COMPARISON OF TOTAL COST OF SERVICE WITH REVENUES COLLECTED

	Noncoincident Maximum Demands	Energy Sales in Year of Average River Flow	Capacity Costs	Energy Costs	Special Facilities Cost	Energy Supply from Baltimore		Total Cost	Total Revenue		Revenue in Excess of Allocated Costs	
						Charge to Customers at 4 Mill.	Credit to Baltimore		Amount	Percent	Amount	Percent
	1	2	3	4	5	6	7	8	9	10	11	12
1 P. P. & L. Co.	65,000	315,329,221	\$ 767,052	\$ 865,571	\$ 10,973			\$ 1,643,596	\$ 2,176,256	28.5	\$ 532,660	19.6
2 P. E. Co.	21,500	152,292,000	284,739	381,722	58,689	Included		725,150	986,360	12.9	261,210	9.6
3 Ed. L. & Pr. Co.	9,560	111,863,535	111,106	112,451	72,668	in		296,225	368,901	4.8	72,679	2.7
4 R. E. Co. in Pa.	33,900	191,082,000	373,985	486,469	135,810	Col. 4		1,016,264	1,155,511	19.1	439,250	16.1
5 Baltimore	13,760	376,917,000	159,919	944,746	638,854		(501,268)	1,242,251	2,656,716	34.7	1,414,465	52.0
6 Total	147,720	1,113,483,756	\$ 1,716,801	\$ 2,790,959	\$ 916,994		\$ (501,268)	\$ 4,923,486	\$ 7,643,750	100.0	\$ 2,720,264	100.0

Note: The totals in cols. 8 and 9
 exclude an amount of \$133,750
 for the Conowingo Backwater
 Payment.

[24310]

Exhibit No. 351

4147

REVISION BASED ON CORRECTED DEPENDABLE CAPACITIES

Tables V)	
)	
V-A)	
)	-R-4
V-d)	
)	
VI)	

Table V-A-R-4

TABLE V-A-R-4

BALANCE OF DEPENDABLE CAPACITY AVAILABLE FOR BALTIMORE CO.
INCLUDING ONE-HALF OF ADDITIONAL CAPACITY FROM S.H. PONDAGE

				Holtwood	Safe Harbor	Total Hydro	Total Hydro and Steam
				Steam	Hydro		
				(1)	(2)	(3)	(4)
1	Installed Capacity			26,000 kw	104,000 kw	230,000 kw	360,000 kw
2	Holtwood and Safe Harbor - % of total hydro				31.14	66.86	100.0
3	Dependable Capacity on regular weekly cycle of draw and refill						
4	Plus one-half of additional capacity from use of S.H. pondage						
5	Total dependable capacity allocated on basis of installed capacity			26,000 kw	100,000	198,000	324,000
6	Percent of total			10.3	70.221	155.279	251.500
7	Percent of Installed Capacity			100.0	27.9	61.8	100.00
8	Reported station use and trans. loss allocated to dependable capacity			3,000	9,000	7,000	19,000
9	Net Dependable Capacity available for load			23,000	91,000	191,000	305,000
10				23,000 kw	91,000 kw	191,000 kw	305,000 kw
11				23,000 kw	91,000 kw	191,000 kw	305,000 kw
12				23,000 kw	91,000 kw	191,000 kw	305,000 kw
13				23,000 kw	91,000 kw	191,000 kw	305,000 kw
14				23,000 kw	91,000 kw	191,000 kw	305,000 kw
15	Demands of Pa. Customers on System Peak Form 12 - Pool						
16		Non Firm	Firm	Firm Loads Plus			
17				10% Reserve			
18	P.P. & L. Co.	2,000 kw	52,000 kw	57,200 kw			
19	P.E. Co.	10,000 kw	23,000 kw	25,300 kw			
20	Ed. L. & P. Co.		9,000 kw	9,900 kw			
21	M.E. Co.	12,000 kw					
22	Total for Resale	24,000 kw	84,000 kw	92,400 kw			
23	Balance for Baltimore						
24	and P.R.R.						
25	P.R.R. Co. in Pa. Dec. billing		28,397 kw	31,277 kw			
26	Total coincident firm demand		112,397 kw	123,637 kw			
27	Balance available for Baltimore from Holtwood and Safe Harbor						
28	Less Baltimore's two-third share of S.H.						
29	Balance available for Baltimore from Holtwood Co.						

TABLE V--d-R-4

Table V - d-R-4

NONCOINCIDENT MAXIMUM DEMANDS

ENERGY SALES IN PENNSYLVANIA AND AVAILABLE FOR
BALTIMORE IN A YEAR OF AVERAGE RIVER FLOW

	Annual Maximum Demand		Holtwood Energy Sales in a Year of Average Flow		Load Factor
	Kw	Percent Total	Kwh	Percent Total	
	1	2	3	4	5
1 P. P. & L. Co.	66,000	35.1	345,329,221	31.0	60
2 P. E. Co.	24,500	13.0	152,292,000	13.7	71
3 Ed. Lt. & Pr. Co.	9,560	5.1	44,863,535	4.0	53
4 P. R. R. in Pa.	33,900	18.0	194,082,000	17.4	65
5 Baltimore	16,000	7.6	261,600,000	26.6	26.7
6 Total Noncoincident Demand	144,760	100.0	980,166,756	100.0	
5 Baltimore	54,100	28.8	376,917,000	33.9	79
6 Total	188,060	100.0	1,113,483,756	100.0	

TABLE VI-R-4

Table VI-R-4

APPLICATION OF UNIT COSTS TO CUSTOMERS' MEASURED LOADS
 ASSEMBLY OF CAPACITY, ENERGY AND SPECIAL FACILITY COSTS FOR EACH CUSTOMER
 COMPARISON OF TOTAL COST OF SERVICE WITH REVENUES COLLECTED

	Noncoincident Maximum Demands	Energy Sales In Year of Average River Flow	Capacity Costs	Energy Costs	Special Facilities Cost	Energy Supply from Baltimore		Total Cost	Total Revenue		Revenue in Excess of Allocated Costs	
						Charge to Customers at 4 Mill.	Credit to Baltimore		Amount	Percent	Amount	Percent
	1	2	3	4	5	6	7	8	9	10	11	12
1 P. P. & L. Co.	66,000	315,329,221	\$ 602,515	\$ 865,571	\$ 10,973			\$ 1,479,059	\$2,176,256	28.5	\$ 697,197	25.6
2 P. E. Co.	24,500	152,292,000	223,661	381,722	58,689	Included in Col. 4		664,072	986,360	12.9	322,288	11.8
3 Ed. It. & Fr. Co.	9,560	14,863,535	87,273	112,451	72,668			272,392	368,904	4.8	96,512	3.6
4 R. R. Co. in Pa.	33,900	191,082,000	309,473	486,469	135,810			931,752	1,155,514	19.1	523,762	19.3
5 Baltimore	54,100	376,917,000	493,879	944,746	638,854		(501,268)	1,576,211	2,656,716	34.7	1,080,505	39.7
6 Total	188,060	1,113,483,756	\$ 1,716,801	\$ 2,790,959	\$ 916,994		\$ (501,268)	\$ 4,923,486	\$ 7,643,750	100.0	\$ 2,720,264	100.0

Note: The totals in cols. 8 and 9
 exclude an amount of \$133,750
 for the Conowingo Backwater
 Payment.

DEMAND, ENERGY AND SPECIAL FACILITY CHARGES INCLUDED IN REVENUE RECEIVED
FROM PENNSYLVANIA FIRM CUSTOMERS FOR YEARS 1944 TO 1946, INCL.

Pennsylvania Power & Light Company

	<u>Total Revenue Received</u>	<u>Charges for Energy</u>	<u>Charges for Special Facilities</u>
1944	\$2,176,295.95	\$2,174,835.03	\$1,420.92
1945	2,064,927.35	2,063,506.43	1,420.92
1946	1,958,355.65	1,956,934.73	1,420.92

Philadelphia Electric Company (Coatesville Division)

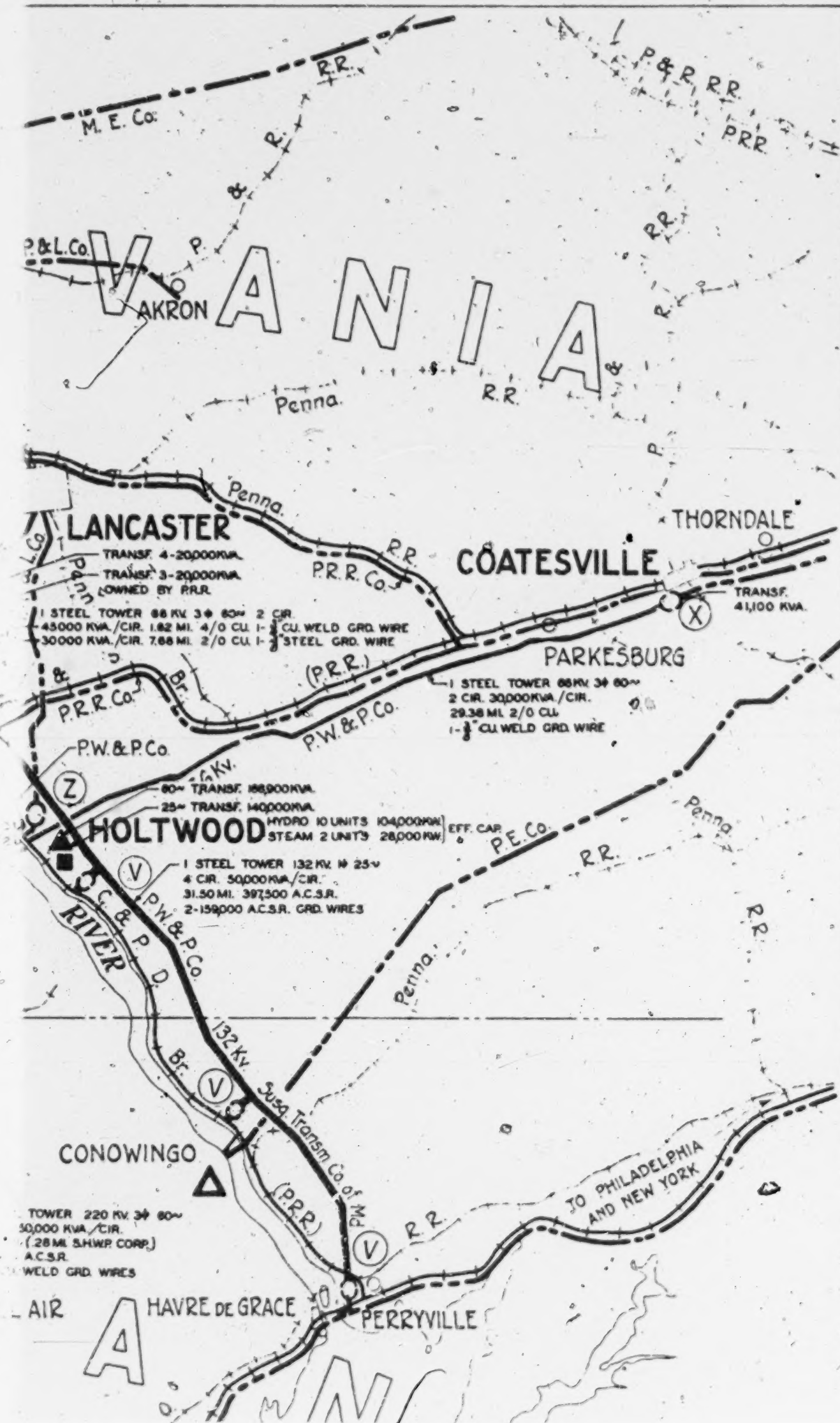
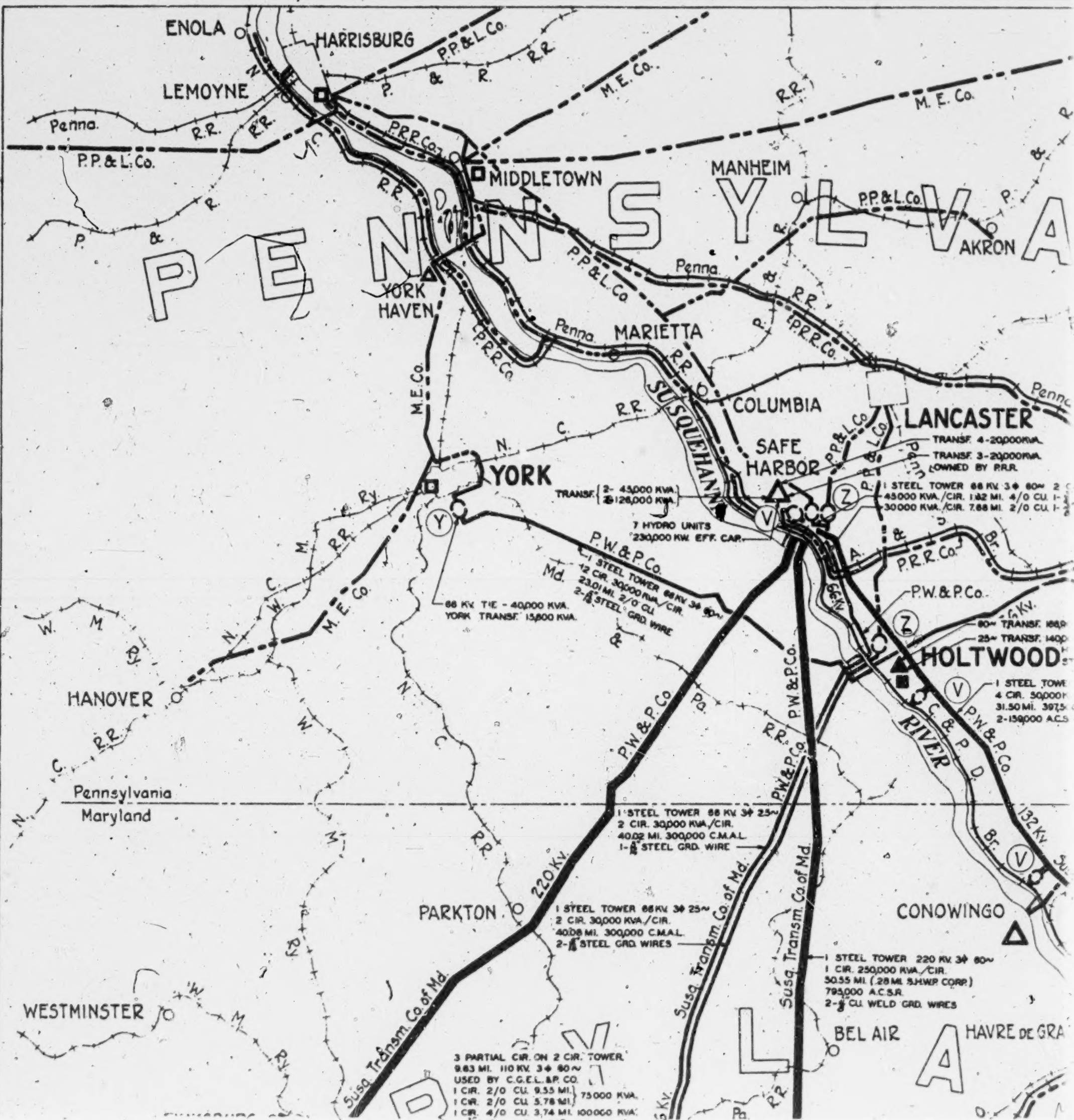
	<u>Total Revenue Received</u>	<u>Charges for Energy</u>	<u>Charges for Demand</u>	<u>Charges for Special Facilities</u>
1944	\$ 986,360.03	\$ 617,138.78	\$309,221.25	\$60,000.00
1945	939,107.73	564,898.98	314,208.75	60,000.00
1946	948,860.95	574,862.20	313,998.75	60,000.00

Edison Light and Power Company (York)

	<u>Total Revenue Received</u>	<u>Charges for Energy</u>	<u>Charges for Demand</u>	<u>Charges for Special Facilities</u>
1944	\$ 368,904.43	\$ 254,178.91	\$114,000.00	\$ 725.52
1945	397,325.85	273,420.41	123,640.00	265.44

Metropolitan Edison Company

	<u>Total Reve- nue Received</u>	<u>Charges for Energy</u>	<u>Charges for Demand</u>	<u>Charges for Spinning Capacity</u>	<u>Charges for Special Facilities</u>
1946	\$657,123.11	\$308,042.66	\$327,500.00	\$18,351.00	\$16,867.20



Kilowatthours Supplied to and Revenues Received from Pennsylvania Firm
Customers (Excluding Pennsylvania Railroad) during Hours of Net Baltimore
Backfeed and during Hours of No Net Backfeed

Year	Total Firm Kilowatthours Supplied to Pa. Customers (a)	Kilowatthours Supplied during Hours of Baltimore Backfeed	% of Total Firm Kilowatthours Supplied	Kilowatthours Supplied during Hours of No Baltimore Backfeed	% of Total Firm Kilowatthours Supplied
1944	542,485,000	180,675,000	33.3	361,810,000	66.7
1945	517,585,000	35,763,000	6.9	481,822,000	93.1
1946	532,804,000	115,962,000	21.8	416,842,000	78.2

Year	Total Firm Rev. Rec'd. for Electric Services from Pa. Customers (b)	Revenue Received for Energy Only	Revenue Received for Energy only during Hours of Baltimore Backfeed	% of Total Firm Revenue Received	Total Rev. Rec'd. for Electric Services Exclusive of Rev. Rec'd. for Energy Only during Hours of Baltimore Backfeed	% of Total Firm Revenue Received
1944	\$ 3,531,520	\$ 3,046,153	\$ 1,014,523	28.7	\$ 2,516,997	71.3
1945	3,401,361	2,901,826	200,504	5.9	3,200,857	94.1
1946	3,564,340	2,839,840	618,076	17.3	2,946,264	82.7

(a) Includes kilowatthours supplied jointly with Safe Harbor Water Power Corporation to Pennsylvania Power & Light Company, Philadelphia Electric Company and Edison Light and Power Company in 1944 and 1945, and to the first two companies in 1946.

(b) Includes revenues received by Penn Water acting for itself and as agent for Safe Harbor Water Power Corporation.

Kilowatthours of Net Baltimore Backfeed Used in Connection with
Electric Services Supplied to Pennsylvania Firm Customers
(Excluding Pennsylvania Railroad)

<u>Year</u>	<u>Kilowatthours(a)</u> (1)	<u>Dollars (b)</u> <u>Received for</u> <u>Amounts of</u> <u>Energy shown</u> <u>in Col. (1)</u> (2)	<u>Col. (1) in %</u> <u>of Total Firm</u> <u>Kilowatthours</u> <u>Supplied to</u> <u>Pa. Customers</u> (3)	<u>Col. (2) in %</u> <u>of Total Firm</u> <u>Revenues</u> <u>Received from</u> <u>Pa. Customers</u> (4)
1944	59,622,000	\$ 334,791	11.0	9.5
1945	10,037,000	56,272	1.9	1.7
1946	29,384,000	156,617	5.5	4.4

- (a) Includes kilowatthours supplied jointly with Safe Harbor Water Power Corporation to Pennsylvania Power & Light Company, Philadelphia Electric Company and Edison Light and Power Company in 1944 and 1945, and to the first two companies in 1946.
- (b) Dollars based on average energy rates billed, and includes dollars received by Penn Water acting for itself and as agent for Safe Harbor Water Power Corporation.

Interchange Supplied to Pennsylvania Customers during
Hours of Net Baltimore Backfeed and during Hours of
No Net Backfeed

<u>Year</u>	<u>Total Interchange Kilowatthours Supplied to Pa. Customers (a)</u>	<u>Kilowatthours Supplied during Hours of Baltimore Backfeed</u>	<u>% of Total Interchange Kilowatthours Supplied</u>	<u>Kilowatthours Supplied during Hours of No Baltimore Backfeed</u>	<u>% of Total Interchange Kilowatthours Supplied</u>
1944	154,896,000	9,384,000	6.1	145,512,000	93.9
1945	198,175,000	2,687,000	1.4	195,488,000	98.6
1946	198,003,000	35,028,000	17.7	162,975,000	82.3

<u>Year</u>	<u>Total Interchange Revenue Rec'd. for Electric Services from Pa. Customers (b)</u>	<u>Revenue Received for Interchange during Hours of Baltimore Backfeed</u>	<u>% of Total Interchange Revenue Received</u>	<u>Revenue Received for Interchange during Hours of No Baltimore Backfeed</u>	<u>% of Total Interchange Revenue Received</u>
1944	\$ 809,412	\$ 49,266	6.1	\$ 760,146	93.9
1945	873,312	9,781	1.1	863,531	98.9
1946	1,182,194	200,710	17.0	981,484	83.0

(a) Includes kilowatthours supplied jointly with Safe Harbor Water Power Corporation to Pennsylvania Power & Light Company.

(b) Includes revenue received by Penn. Water acting for itself and as agent for Safe Harbor Water Power Corporation.

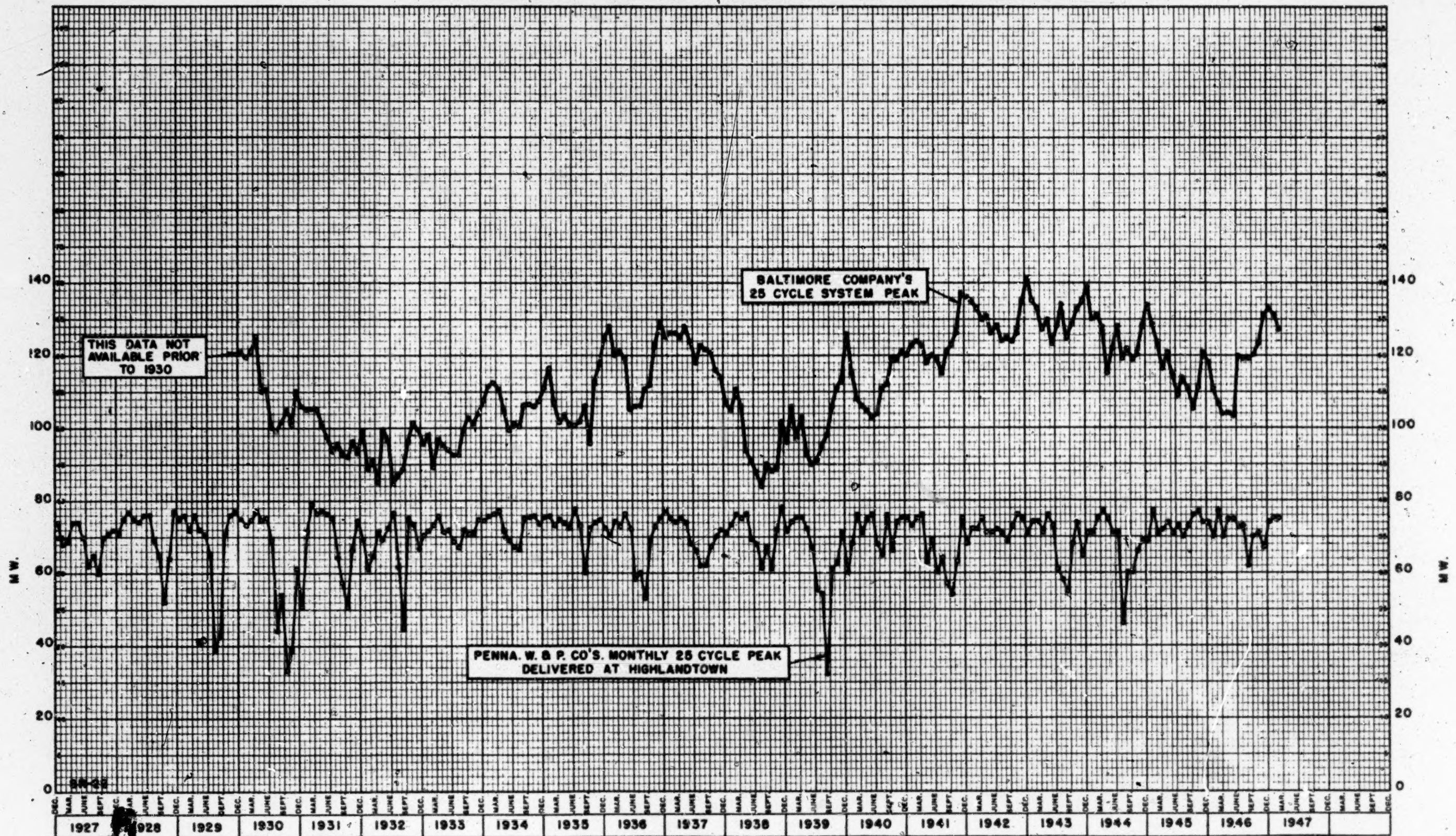
Kilowatthours of Net Baltimore Backfeed Used in Connection
with the Supply of Interchange Services to Pennsylvania Customers

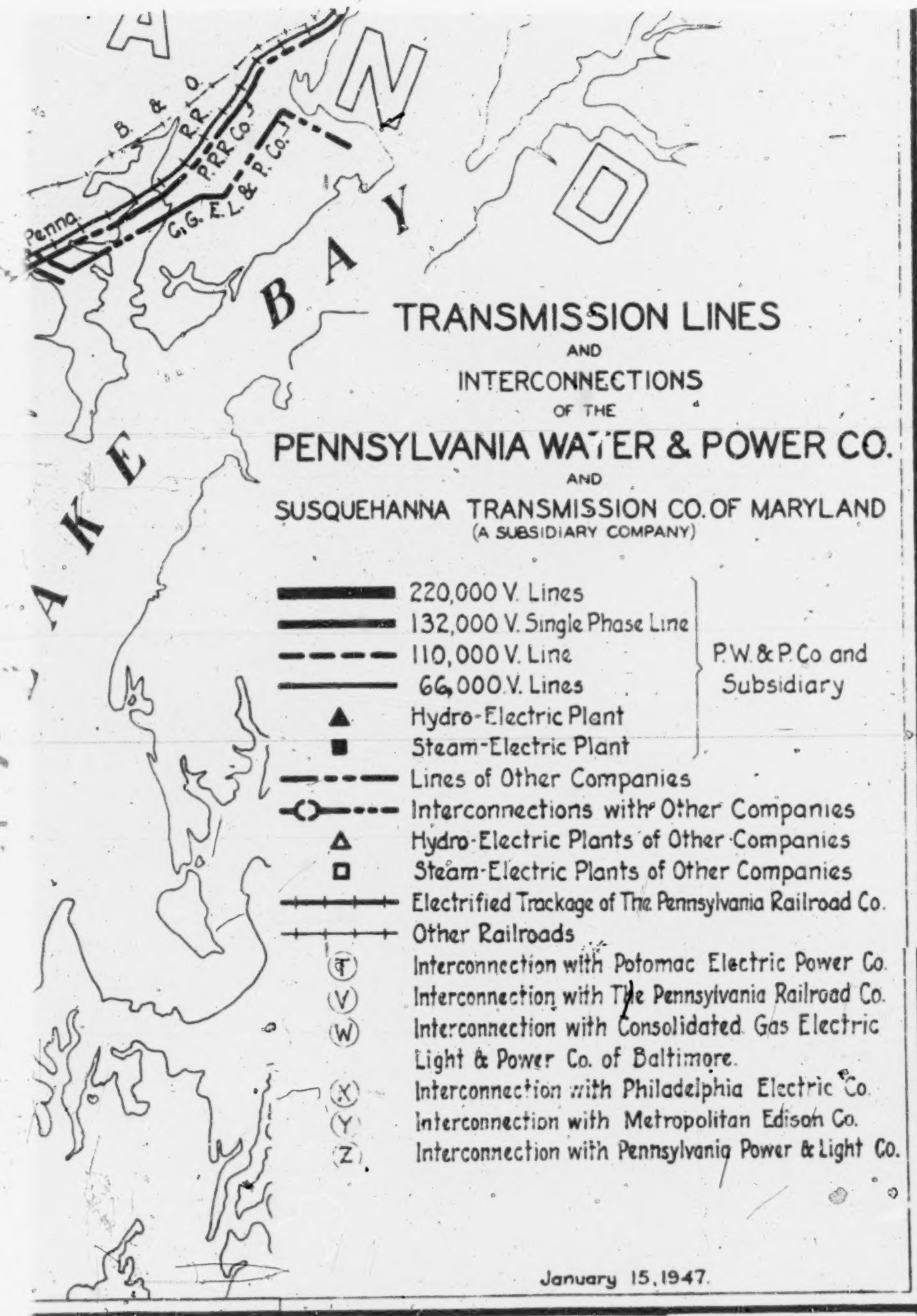
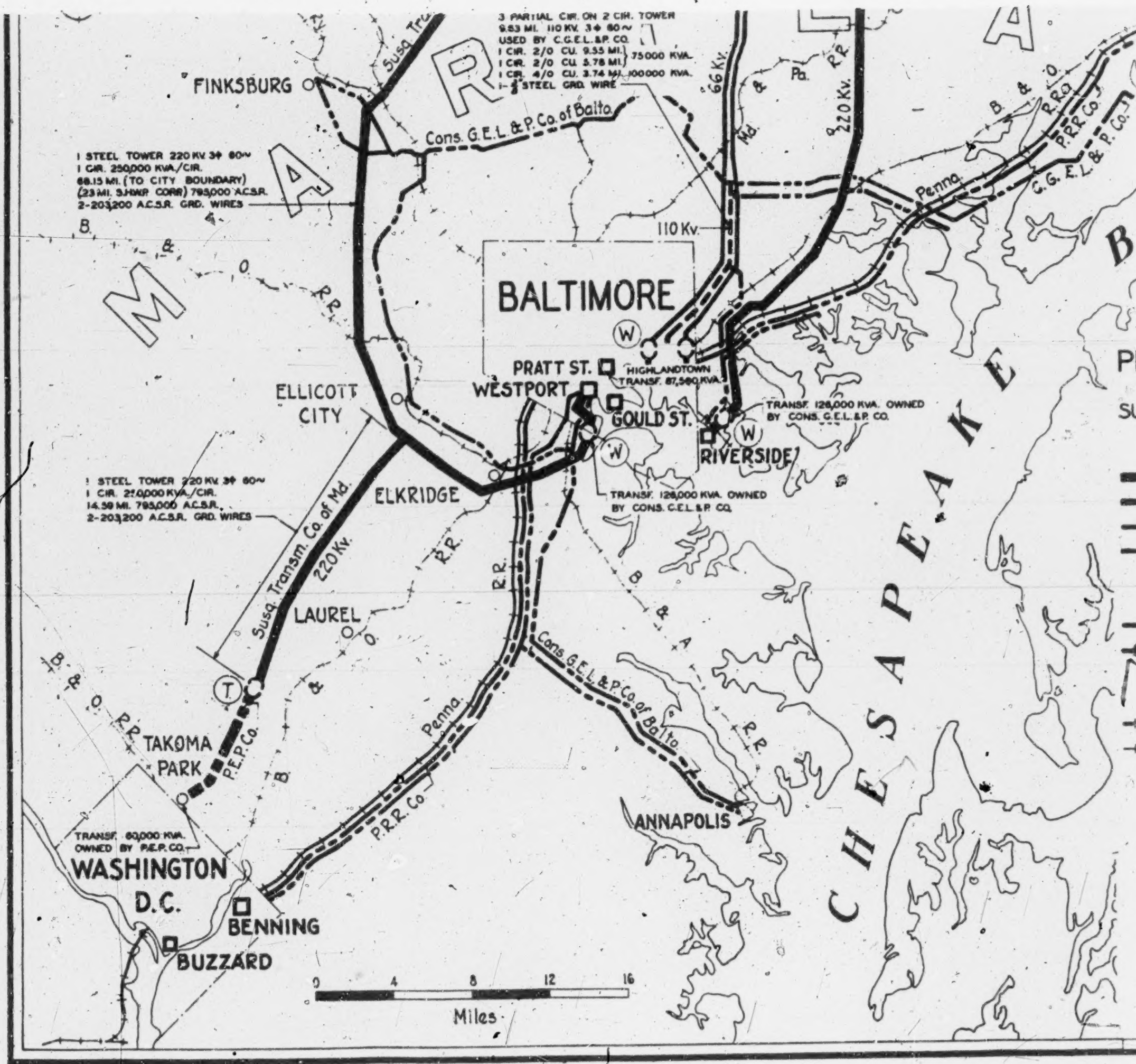
Year	<u>Kilowatthours(a)</u> (1)	<u>Dollars (b) Received for Amounts of Energy shown in Col. (1)</u> (2)	<u>Col. 1 in % of Total Interchange Kilowatthours Supplied to Penna. Cust.</u> (3)	<u>Col. 2 in % of Total Interchange Revenues Rec'd. from Penna. Cust.</u> (4)
1944	6,638,000	\$ 34,850	4.3	4.3
1945	2,116,000	7,702	1.1	0.9
1946	23,019,000	131,899	11.6	11.2

(a) Includes kilowatthours supplied jointly with Safe Harbor Water Power Corporation to Pennsylvania Power & Light Company.

(b) Includes dollars received by Penn Water acting for itself and as agent for Safe Harbor Water Power Corporation.

BALTIMORE COMPANY'S MONTHLY 25 CYCLE SYSTEM PEAK AND
PENNA. W. & P. CO'S. MONTHLY 25 CYCLE PEAK DELIVERIES AT HIGHLANDTOWN





[24316]

Exhibit No. 353

4153

UNITED STATES OF AMERICA

FEDERAL POWER COMMISSION

Commissioners: Clyde L. Seavey, Acting Chairman; Claude L. Draper,
Basil Manly. John W. Scott, not participating.

June 30, 1939

In the matter

Safe Harbor Water Power Corporation

ORDER ALLOWING SUPPLEMENTAL RATE SCHEDULE TO
TAKE EFFECT PRIOR TO DATE OF FILING

It appearing to the Commission that:

- (a) On April 12, 1939, the Safe Harbor Water Power Corporation filed with the Federal Power Commission its supplemental agreement, dated December 13, 1938, to its agreement of August 1, 1933, the said agreement of August 1, 1933, being designated in the files of the Commission as Safe Harbor Water Power Corporation Rate Schedule FPC No. 4, with the Pennsylvania Water & Power Company and the Philadelphia Electric Company, said supplemental agreement providing, among other things, for an extension for a period of three years from March 31, 1939, of the term of the said Safe Harbor Water Power Corporation Rate Schedule FPC No. 4 whereby said Safe Harbor Water Power Corporation and Pennsylvania Water & Power Company sell electric power and energy to said Philadelphia Electric Company, also making certain changes in the provisions relating to emergency and interchange service and the territory to be served by Philadelphia Electric Company with energy so purchased, as set forth in said supplemental agreement;
- (b) By the terms of said supplemental agreement it is to take effect as of April 1, 1939;
- (c) Good cause has been shown for, and the public interest will be served by, allowing the supplemental agreement of December 13, 1938, to Safe Harbor Water Power Corporation Rate Schedule FPC No. 4 to take effect as of April 1, 1939;

[24328]

Exhibit No. 364

4160

Safe Harbor Water
Power Corporation (Cont'd)

-2-

6/30/39.

The Commission orders that:

- (A) The rate schedule contained in said supplemental agreement of December 13, 1938, to Safe Harbor Water Power Corporation Rate Schedule FPC No. 4, between the Safe Harbor Water Power Corporation, Pennsylvania Water & Power Company and Philadelphia Electric Company, as filed with the Commission on April 12, 1939, be and it is hereby allowed to take effect as of April 1, 1939;
- (B) Said rate schedule contained in said supplemental agreement shall be deemed to have been filed and published in compliance with the Federal Power Act.

By the Commission.

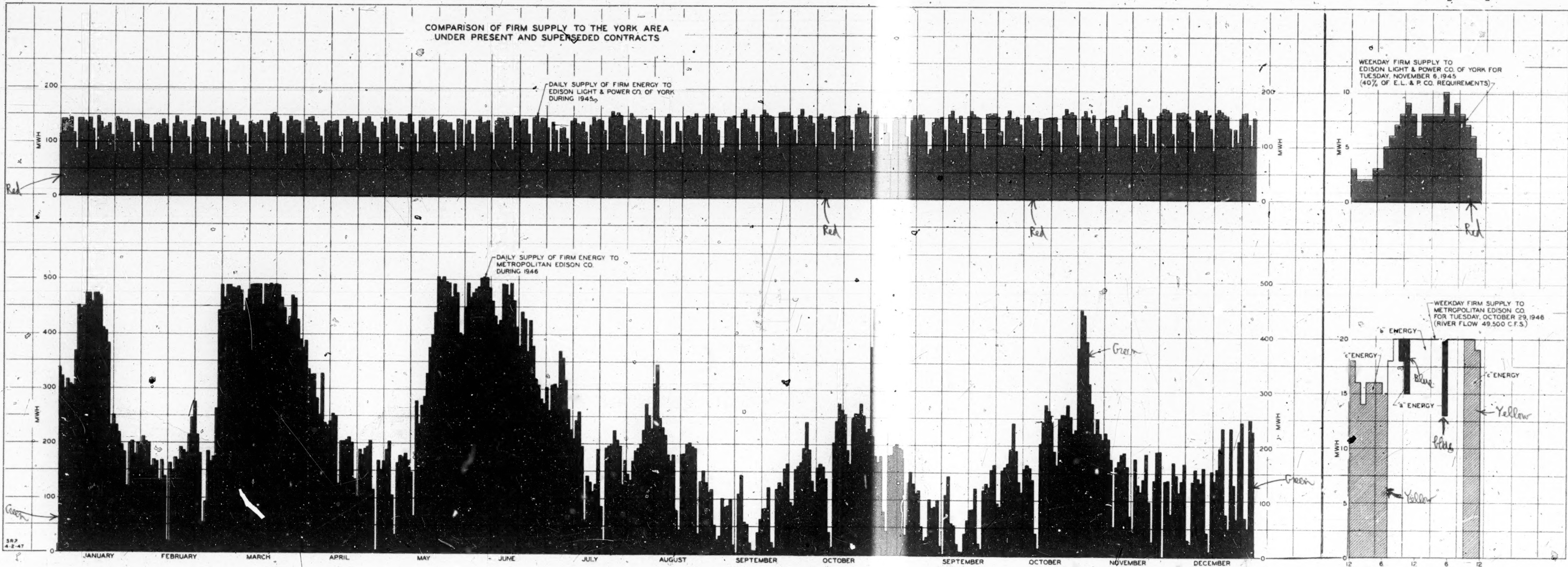
(Seal)

(signed) Leon M. Fuquay

Leon M. Fuquay,
Secretary.

[24329]

COMPARISON OF FIRM SUPPLY TO THE YORK AREA
UNDER PRESENT AND SUPERSEDED CONTRACTS



UNITED STATES OF AMERICA

FEDERAL POWER COMMISSION

) Clyde L. Seavey, Chairman; Claude L. Draper, Basil Manly,
Commissioners)
) Leland Olds, John W. Scott.

September 22, 1939

In the Matter of)
) Project No. 1025
Safe Harbor Water Power Corporation)

ORDER AUTHORIZING INSTALLATION OF ADDITIONAL GENERATING UNIT

Upon application filed September 22, 1939, by Safe Harbor Water Power Corporation, licensee for Project No. 1025, Pennsylvania, for approval by the Commission of the installation of an additional generating unit in the Safe Harbor project on the Susquehanna River, and it appearing to the Commission that:

- (a) There are at present six generating units installed in the project with a rated capacity of 42,500 horsepower or 28,000 kilowatts each and penstock and foundation openings have been provided for the installation of the proposed additional unit;
- (b) The additional generating unit proposed will occupy plant position No. 1 and provide 25 cycle single phase energy to supply the Pennsylvania Railroad which purchases electric energy from the licensee for the operation of its trains;

Upon consideration of the application and record of the project, the Commission finds that:

Installation of the additional generating unit proposed is desirable in the public interest to supply the future needs of the market served by the licensee;

It is ordered that:

Approval is hereby given for the installation of said additional generating unit; provided, the licensee file within fifteen days of the date of receipt of this order, in accordance with the Rules of Practice and Regulations of the Commission, a supplemental Exhibit M showing the location and design of the unit as proposed.

By the Commission.

(Signed)

LEON M. FUQUAY
Leon M. Fuquay,
Secretary.

(SEAL)

4164

Exhibit No. 367

[24331]

(2123)-D-216-23856-7-31

Accounting Dept.

BILL NUMBER

Ledger _____

Dept. Accounting _____

Folio _____

Baltimore, Md. December 17, 1931

C 22288

Name Penna. Water and Power Co., _____

Address Mr. J. L. Rintoul, Treasurer,
16th floor - Lexington Bldg., Balto., Md.

5051-

TO CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY OF BALTIMORE, MD.
LEXINGTON and LIBERTY STREETS *Order 180790*

To charge you with an amount of \$8,383.16
representing electric energy supplied you during the
month of November 1931.

2,021,500 K.W.H. @ .4147¢ per K.W.H.

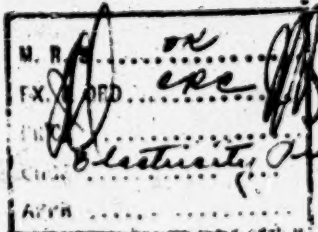
DEBIT

CREDIT

\$8,383.16

The cost of steam generated energy supplied you during
the month of November 1931 is based on our Westport Produc-
tion Cost for that month. (.3770¢ per K.W.H. plus 10%
(.0377¢ per K.W.H.) or a total of (.4147¢ per K.W.H.).
This is in accordance with agreement between your Mr.
R. L. Thomas and our Mr. F. E. Ricketts)

CUSTOMER'S COPY



C.V.M.

SR-13

January 13, 1932

HOLTWOOD COMPANY'S BILL TO BALTIMORE COMPANY FOR DECEMBER, 1931

The reference letters used below correspond to the paragraph letters under Article III of the Supplemental Agreement of June 1, 1931.

(a) <u>NET POWER REVENUE OF HOLTWOOD COMPANY:</u>	
1. 1930 Rev. Adjusted to Avg. River Flow	\$2,832,259.75
2. Decr. in Rev. from Cust. other than Balto.	70,080.06
3. 1931 Net Power Revenue	\$2,762,179.69
(b) <u>PAYMENTS ON NET ADDITIONS @ 16.25%</u>	\$ 13,365.15
(c) <u>EXPENSES:</u>	
1. *Operating Expenses excl. Power Purchased	\$ 563,282.24
2. Maintenance	361,639.46
3. General Expense	244,677.21
4. General Taxes	439,237.55
5. Federal Inc. Tax (excl. inc. tax on non-opr. rev.)	229,172.84
6. Normal Tax	6,375.00
7. Renewals and Replacements	355,146.73
8. Total	\$1,899,531.03
*Power Purchased shown in item (d)	
(d) <u>HOLTWOOD CO'S PAYMENTS FOR POWER PURCHASED:</u>	
1. Paid to Metropolitan Edison Co.	\$ 37.25
2. Paid to Balto. Co. for back-feed (excl'g. \$475.85 paid in Jan. for Dec. 1930)	14,452.47
3. Total	\$ 14,489.72
SUM OF (a), (b), (c) and (d)	
	\$4,689,565.59
(e) <u>HOLTWOOD CO.'S REV. FROM PARTIES OTHER THAN BALTO.</u>	
1. P.P. & L. Co., Lancaster	\$1,060,213.53
2. Chester Valley Elec. Co., Coatesville	345,381.46
3. Edison Lt. & Pwr. Co., York	288,710.98
4. Arundel Corp. Safe Harbor	36,464.00
5. Pioneer Elec. Light Co.	6,291.00
6. Metropolitan Edison Co.	20.00
7. Conowingo Backwater Payment	131,166.67
8. Safe Harbor Water Pr. Corp. for Filling Pond	14,406.00
9. Rentals received from Power Devel. Property	28,814.11
10. Total	\$1,911,467.75
BALANCE	\$2,778,097.84
(f) <u>INT. ON INCREASE IN RES. FOR RENEWALS AND REPLACEMENTS</u>	\$ 5,282.72
(g) <u>NET DEBIT OR CREDIT UNDER PARAGRAPH (g)</u>	NONE
<u>NET BILL FOR YEAR 1931</u>	\$2,772,815.12
<u>GROSS AMT. BILLED FOR FIRST 11 MONTHS (without deduc. for \$14,452.47 back-feed steam)</u>	\$2,611,614.88
<u>NET BALANCE DUE FOR DECEMBER</u>	\$ 161,200.24

OPERATING COMMITTEE:

(Signed) F. E. Ricketts
F.E. Ricketts for Con. Gas Elec.
Lt. & Pwr. Company

(Signed) R. L. Thomas
R.L. Thomas for P.W. & P. Co. and
S.H. Water Pwr. Corp.

Exhibit No.

4166

Annual Backfeed Energy Supplied by Baltimore Company

<u>Year</u>	<u>Kwh. Received on Hourly Net Basis</u>	<u>Kwh. Received on Daily Net Basis</u>	<u>Baltimore Co. Average Monthly Production Cost Plus 10% (Mills/kwh.)</u>	<u>Baltimore Co. Bill to Penn Water under Article 6 of 1927 Contract</u>
1944	125,840,000	81,147,000	4.42	\$ 358,641
1945*	24,681,000	1,704,000	4.87	8,291
1946	99,439,000	48,277,000	5.10	246,112

Exhibit No. 369

[24333]

Wm. Schmidt, Jr.
Chairman of the Board and
President

C O P Y

Charles P. Crane
Executive Vice-President

CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY
OF BALTIMORE

Baltimore-3, Md.
April
Twenty-eighth
1947

Mr. J. A. Walls, President
Pennsylvania Water and Power Company
Lexington Building
Baltimore 3, Maryland

Dear Mr. Walls:

Mr. Spaulding gave to us today the attached draft of a letter to Mr. Harry Ferguson, Operating Manager of the Pennsylvania Power and Light Company, proposing terms for the "Extension and Modification of Lancaster Power Supply Contract." Mr. Greer has advised Mr. Spaulding that the terms of this letter are unacceptable to this Company.

In my letter to you of January 24, 1947 the following statement was made with respect to this power contract:

"This Agreement will terminate on October 31, 1948, and the eighteen months' notice to that effect should be given the Pennsylvania Power and Light Company by your Company, as provided in the Agreement. In our letter of April 26, 1945 to your Company regarding the then proposed renewal of the Lancaster power supply contract, we said:

"It is our belief that the rates now charged to Pennsylvania Power and Light Company are too low and that it would be reasonable to increase the rates, particularly because the contract does not contain a fuel rate adjustment clause.

We still hold to this belief. However, in view of the fact that your Company's rates are now being investigated by the regulatory authorities and the uncertainty and difficulty of carrying on contract negotiations under these conditions, we would be willing to approve a renewal Agreement for one year from October 31, 1948, provided such renewal Agreement shall contain a limitation on the load supplied by Holtwood Company."

The time for giving the notice to the Pennsylvania Power and Light Company expires on April 30, 1947 and we must insist that this notice be given by your com

CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY OF BALTIMORE

Sheet No. 2To Mr. J.A. Walls, PresidentDate April 28, 1947

pany and the Safe Harbor Water Power Corporation.

The suggested extension of the agreement for a period of one year with a limitation on the load supplied by your company should afford ample time in which to negotiate a new agreement for the Lancaster load.

If the year extension is not made and your company should fail to give the 18 months' notice to the Pennsylvania Power and Light Company, as Mr. Spaulding indicated might be the case, we shall be under the necessity of holding your company liable for all damages which this Company sustains in consequence thereof.

Yours very truly,

(Sgd.) Wm. Schmidt, Jr.
President

C O P Y

Wm. Schmidt, Jr.
Chairman of the Board
and President

Charles P. Crane
Executive Vice-President

CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY
OF BALTIMORE

Baltimore-3, Md.

February 28, 1947.

Mr. G. W. Spaulding
Member of Operating Committee
Pennsylvania Water & Power Co.
Lexington Building
Baltimore-3, Maryland

Dear Mr. Spaulding:

Referring to our telephone conversation regarding the operation under your Pennsylvania Power and Light Co. contract, I discussed this matter with Mr. Brunner and he advised me in a recent letter, copy of which was sent to you, that Lancaster is operating under Option "A" on a 100% basis, which, as he reports, does not make available the maximum income that could be derived from the P.P.&L. agreement.

During our telephone conversation you advised that although you realized that present operation on the 100% basis would not obtain the maximum dollar advantage to us, nevertheless you intend to continue to operate on a 100% basis unless an emergency develops.

I herewith advise that this position is not satisfactory to our Company and that we are therefore requesting that steps be taken as promptly as possible to obtain the full advantage of the P.P.&L. contract, or, in other words, supply only 80% of the Lancaster load as firm energy whenever it is economical to so operate.

Your cooperation in this matter will be appreciated.

Very truly yours,

(Sgd.) R. T. Greer

R. T. Greer
Member of Operating Committee

Wm. Schmidt, Jr.
Chairman of the Board
and President

C O P Y

Charles P. Cran
Executive Vice-P

CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY
OF BALTIMORE

Baltimore-3, Md.

February 28, 1947.

Mr. J. A. Walls, President,
Pennsylvania Water & Power Company,
Lexington Building,
Baltimore - 3, Maryland.

Dear Mr. Walls:

Mr. Greer has shown to me the copy of the letter from Mr. Rankin, Chief Engineer of the Metropolitan Edison Company to Mr. Von Eiff, of your Company, dated February 21, 1947, and Mr. Von Eiff's reply of February 25, 1947, in which he states that your Company will increase the firm power to be supplied to the Metropolitan Edison Company from 23 mw. to 24 mw. effective March 1, 1947.

I desire to repeat what I said in my letter to you of February 18, 1947, regarding this matter, namely, that such increase would have a definite effect on this Company's "steam line" and we therefore are unwilling to approve this proposed increase. Nothing contained in your letter to me of February 20th changes our views in this respect.

Yours very truly,

(Sgd.) Wm. Schmidt, Jr.

President

Jas. L. Rintoul, Exec. Vice-Pres.
G. W. Spaulding, Vice-President

J. U. Diehl, Treasurer
Wm. H. Eichhorn, Jr.
Secretary

C O P Y

J. A. Walls, President

PENNSYLVANIA WATER & POWER COMPANY

LEXINGTON BUILDING

BALTIMORE 3, MARYLAND

February 20, 1947

Mr. Wm. Schmidt, Jr., President
Consolidated Gas Electric Light and Power Company
Lexington Building
Baltimore-3, Maryland

Dear Mr. Schmidt:

This will acknowledge your letter of February 18th in which you advise that it would not be proper for the Company to assume any additional firm power obligations to the Metropolitan Edison Company under its power contract of November 15, 1945, in connection with our available option to increase such amount of firm power from 23 Mw. to 24 Mw.

The exercise by us of the option to increase this supply to Metropolitan Edison Company on January 14, July 11, and September 14, 1946, was made only after our Operating Committee had very properly considered the matter, but no formal request for approval by your Company appeared necessary in that connection.

In addition to the reasons given by our Mr. Spaulding in his letter of February 11th, in supporting our intentions for further increasing this supply to Metropolitan Edison by 1,000 Kw., we had recognized that the operating reserves of the companies in Area 6 may be found inadequate should we experience a coincidence of minimum river flow with maximum system requirements and the outage of steam capacity. However, the coordinated scheduling of maintenance and operations of the systems in F.P.C. Area 6 and those in F.P.C. Area 5 minimize such probability. Further, the effect on the system "steam line" from such further increase in Metropolitan Edison's supply would appear to be of the order of 250 Kw. which if true, I believe you will agree with me, is negligible on the combined interconnected systems, especially if it be your current intention to remove from your Westport plant a steam generating unit with an effective rating of 5,000 Kw., but which could readily be increased to 10,000 Kw.

We are not convinced that your concern for adequate system reserves has been based upon sufficient appraisal of the situation

Mr. Wm. Schmidt, Jr., President
February 20, 1947

to warrant us in not exercising this Company's option under the M.E. contract to increase the amount of firm power in the light of the advantages and benefits both to this Company and to yours and, incidentally, to M.E.

Yours very truly,

(Sgd.) J.A. Walls
President

Wm. Schmidt, Jr.
Chairman of the Board
and President

C O P Y

Charles P. Crane
Executive Vice-President

CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY
OF BALTIMORE

Baltimore-3, Md.

February 18, 1947.

Mr. J. A. Walls, President
Pennsylvania Water & Power Company,
Lexington Building,
Baltimore - 3, Maryland.

Dear Mr. Walls:

Mr. Creer has brought to my attention Mr. Spaulding's letter to him of February 11, regarding a proposed increase in the amount of firm power supplied the Metropolitan Edison Company under the contract of November 15, 1945.

We approved increases in the supply to that Company from 20 to 21 mw on January 14, 1946; from 21 to 22 mw on July 11, 1946; and from 22 to 23 mw on September 14, 1946, pursuant to Article IV of the 1931 Supplemental Agreement between our companies. While we appreciate the reasons Mr. Spaulding assigns in support of his opinion that a further increase of 1,000 kw should be made, we desire to point out that this Company is now short in capacity and the proposed increase would have a definite effect on this Company's "steam line." In times of minimum river flow and system peak load requirements it would be impossible to supply this additional 1,000 kw to Metropolitan Edison Company with adequate reserve and, therefore, it would not be proper to assume this obligation.

In my letter to you of January 24, 1947, regarding the Lancaster and Coatesville power contracts, the statement was made that a limitation should be placed on the load supplied Pennsylvania Power and Light Company and Philadelphia Electric Company. Such a limitation should also be placed on the Metropolitan Edison Company's load and we, therefore, find it necessary to disapprove the proposed increase of 1,000 kw.

Your cooperation in handling this matter with the Metropolitan Edison Company will be appreciated.

Yours very truly,

(Sgd.) Wm. Schmidt, Jr.

President

Charles M. Cohn
Chairman of the Board

Wm. Schmidt, Jr.
President

Charles P. Crane
Executive Vice-Pres.

C O P Y

CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY
OF BALTIMORE

Baltimore-3, Md.

February 14, 1947.

Mr. G. W. Spaulding
Member of Operating Committee
Pennsylvania Water & Power Company
Lexington Building
Baltimore-3, Maryland

Re: Requested Waiver of 18 Months' Notice
Period on Change of Option under the
Pennsylvania Power and Light Company
Contract.

Dear Mr. Spaulding:

Paragraph (9), entitled "Flexibility Provisions," of the Letter-Agreement dated April 28, 1939 between your Company and the Pennsylvania Power and Light Company gives the Pennsylvania Power and Light Company certain options with respect to the power supply. By letters dated February 8, 1944, February 23, 1945 and February 19, 1946 it was agreed that Pennsylvania Power and Light Company would change from Option "C" to Option "A" on February 15, 1947. On Tuesday, February 11, 1947 you advised me by telephone that Pennsylvania Power and Light Company desired to postpone the effective date of this change to February 15, 1948.

This is to confirm my conversation with you in which I advised that Baltimore Company could not agree to such postponement and must insist upon the contractual requirement of at least 18 months' written notice to change from Option "A" to Option "C". You will recall that Mr. Schmidt, in a letter of January 24, 1947 to Mr. Walls, made the statement that a limitation should be placed on the load supplied to Pennsylvania Power and Light Company and Philadelphia Electric Company. My position in this matter is in furtherance of this policy stated by Mr. Schmidt.

Very truly yours,

(Sgd.) R. T. Greer

R. T. Greer
Member of Operating Committee

C O P Y

Jas. L. Rintoul, Exec. Vice-President
W. Spaulding, Vice-President

J. A. Walls, President

J. U. Diehl, Treasurer
Wm. H. Eichhorn, Jr., Secretary

PENNSYLVANIA WATER & POWER COMPANY

LEXINGTON BUILDING

BALTIMORE 3, MD.

February 11, 1947

Mr. R. T. Greer, Member of Operating Committee,
Consolidated Gas Electric Light and Power Company.
Baltimore-3, Maryland

Dear Mr. Greer:

Confirming my advice to you a few days ago, the "total requirements" of Metropolitan Edison Company, on February 4, 1947: were 317 Mw. Under the provisions of Article IV, Section 1(b)2 of Penn Water's power supply contract with that Company dated November 15, 1945, Penn Water has the election to increase the "amount of firm power" to be supplied thereunder from 23 Mw. to 24 Mw.

It is Penn Water's considered opinion that it should elect to increase the "amount of firm power" in accordance with the terms of the contract for the following reasons:

(a) Such increase will provide a greater utilization of the hydro resources of Penn Water and Safe Harbor;

(b) Such an increase in the firm power obligation of Penn Water will have a negligible effect on Baltimore Company's "steam line";

(c) There will be a material advantage to Baltimore Company by the exercise of such option by Penn Water; and

(d) Penn Water believes that this is in accord with the intent of Article VIII of the Supplemental Agreement between our two companies to exercise this option.

It is the intention of Penn Water to exercise its option to increase the "amount of firm power" to be supplied under its Metropolitan Edison Contract to 24 Mw. and wishes to advise Baltimore Company in advance of such action.

Yours very truly,

(Sgd.) G. W. Spaulding
Member, Operating Committee

Charles M. Cohn,
Chairman of the Board

C O P Y

Wm. Schmidt, Jr.
President

Charles P. Crane
Executive Vice-President

CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY
OF BALTIMORE

Baltimore-3, Md.
January
Twenty-fourth
1947

Mr. J. A. Walls, President,
Pennsylvania Water & Power Company,
Lexington Building,
Baltimore-3, Maryland.

Dear Mr. Walls:

Referring to our correspondence regarding the Lancaster Power Supply Agreement with the Pennsylvania Power and Light Company and the Coatesville Power Supply Agreement with the Philadelphia Electric Company, our views are as follows:

1. Lancaster Power Agreement

This Agreement will terminate on October 31, 1948, and the eighteen months' notice to that effect should be given the Pennsylvania Power and Light Company by your Company, as provided in the Agreement. In our letter of April 26, 1945 to your Company regarding the then proposed renewal of the Lancaster power supply contract, we said:

"It is our belief that the rates now charged to Pennsylvania Power and Light Company are too low and that it would be reasonable to increase the rates, particularly because the contract does not contain a fuel rate adjustment clause."

We still hold to this belief. However, in view of the fact that your Company's rates are now being investigated by the regulatory authorities and the uncertainty and difficulty of carrying on contract negotiations under these conditions, we would be willing to approve a renewal Agreement for one year from October 31, 1948, provided such renewal Agreement shall contain a limitation on the load supplied by Holtwood Company. We will also approve the construction of the Manor Substation.

- 2 -

Mr. J. A. Walls

January 24, 1947

2. Coatesville Power Agreement.

This Agreement will terminate on March 31, 1948, pursuant to the notice contained in the letter of Mr. N. E. Funk, Vice President of the Philadelphia Electric Company, dated September 26, 1946.

Although we feel that the present rates are now too low, we are willing to approve a renewal Agreement for one year from March 31, 1948, with the following modifications:

- (a) That the load supplied from the Downingtown Substation be transferred to the main supply of the Philadelphia Electric Company; and the load area supplied from the Newlinville Substation be enlarged to include the load to the south of the present Coatesville area, as proposed by the Philadelphia Electric Company.
- (b) That a limitation be placed on the load to be supplied by Holtwood Company under this renewal Agreement.

Yours very truly,

(Sgd.) Wm. Schmidt, Jr.

President

C O P Y

Charles M. Cohn
Chairman of the Board

Wm. Schmidt, Jr.
President

Charles P. Crane
Executive Vice-President

CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY
OF BALTIMORE

Baltimore -3, Md. November 29, 1946

Mr. J. A. Walls, President,
Pennsylvania Water & Power Company,
Lexington Building,
Baltimore-3, Maryland.

Dear Mr. Walls:

Receipt is acknowledged of your letter of
November 26th regarding the Manor Substation.

In view of the fact that it will be necessary before long to give consideration to your Company's power supply to the Pennsylvania Power and Light Company, inasmuch as the power contract with that Company will expire on October 31, 1948, we think it is desirable that the Operating Committee make an engineering study of the need for this installation and that pending the completion of such study no commitments be made as to the construction of the substation and related transmission line.

We believe that the operation of the present system and equipment has been satisfactory and there is therefore no need for any immediate steps toward providing for this installation, especially as with presently quoted deliveries of equipment and materials the substation could not be completed before the expiration of the power contract.

Yours very truly,

(Sgd.) Wm. Schmidt, Jr.

President

Jas. L. Rintoul, Exec. Vice-President
G. W. Spaulding, Vice-President

C O P Y

J. A. Walls, President

J. U. Diehl, Treasurer
Wm. H. Eichhorn, Jr. Secretary

PENNSYLVANIA WATER & POWER COMPANY

LEXINGTON BUILDING

BALTIMORE 3, MD.

November 26, 1946

Mr. Wm. Schmidt, Jr., President,
Consolidated Gas Elec. Light and Power Company,
Baltimore, Maryland

Re: Installation of 66 Kv. Manor Substation
at Safe Harbor, Pennsylvania

Dear Mr. Schmidt:

A Letter Agreement of April 28, 1939, between Pennsylvania Water & Power Company, Safe Harbor Water Power Corporation and Pennsylvania Power & Light Company, provided that Generating Companies would construct, operate and maintain an enlarged 66 Kv. switching station at Safe Harbor together with an additional double circuit steel tower transmission line from Manor Substation to Lehman Farm Switching Station, not later than May 1, 1943. By letter agreement the construction of this substation was subsequently deferred, subject to the changing requirements or needs of either party. During the war years, certain temporary changes and additions were made to accommodate the increased load requirements of Pennsylvania Power & Light Company in its Lancaster area. With the continuing growth of this customer's load, Pennsylvania Power & Light Company has recently brought to our attention its need for Manor Substation, and it is our judgment that reliability of service to this customer warrants its early completion.

With the changes and enlargement of the existing 66 Kv. switching facilities at Manor Substation at Safe Harbor, there will also be provided the contemplated construction of a double circuit steel tower transmission line from Manor Substation to Lehman Farm, and certain necessary and related changes at Lehman Farm and Holtwood. In connection with this Manor Substation, Safe Harbor will provide certain additional control equipment connecting the substation with its control room.

The cost for completing the above facilities, other than the necessary investment by Safe Harbor Company, has been estimated to be \$550,000. There will be a net charge to retirement reserve of \$20,000 and a net increase in fixed capital of \$530,000.

The facilities to be provided by Safe Harbor Company are estimated to cost about \$37,000 in connection with which there will be a net charge to retirement reserve of that company of about \$3,000 and a net increase in fixed capital of \$34,000.

2.

Mr. Wm. Schmidt, Jr.
November 26, 1944

The present estimates of Power and of Safe Harbor Company are necessarily subject to modification in the light of unsettled quotations on equipment and uncertain labor costs for construction.

Generating Companies' commitment for this investment was recognized at the time your Company approved the execution of this Letter Agreement of April 28, 1939, being specifically referred to in an Operating Committee memorandum dated June 1, 1939 relating thereto. While the approval of your Company at this time, of the investment necessary for these extensions, may not be required under the provisions of Article V of the Supplemental Agreement dated June 1, 1931, we wish to advise you at this time of our intentions to proceed, particularly in the light of the increased costs of construction.

We are hoping to place orders for the more critical equipment before the end of this year.

Yours very truly,

(Sgd.) J. A. Walls
President

C O P Y

Charles M. Cohn
Chairman of the Board

Wm. Schmidt, Jr.
President

Charles P. Crane
Executive Vice-President

CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY
OF BALTIMORE

Baltimore-3, Md.

November 1, 1946

Mr. John A. Walls, President,
Pennsylvania Water & Power Company,
Lexington Building,
Baltimore-3, Maryland.

Dear Mr. Walls:

On October 8, 1946 Mr. G. W. Spaulding, Vice-President of your Company, at our request furnished us with a copy of the letter of Mr. N. E. Funk, Vice-President of the Philadelphia Electric Company, dated September 26, 1946, addressed to Pennsylvania Water & Power Company and Safe Harbor Water Power Corporation, giving notice of a desire to terminate on March 31, 1948 the Coatesville power supply agreement dated August 1, 1933 and the supplements thereto, unless certain changes and modifications, necessitated by conditions in the area supplied, can be made in the agreement.

In Mr. Spaulding's reply letter, dated September 30, 1946, he states:

"We will be pleased to discuss the changes and modifications to these agreements which you may have in mind at an early date. I believe I may be in Philadelphia within the next two weeks and will try to arrange a talk with you and Mr. Irwin on that occasion if it is convenient."

In order that there may be no misunderstanding as to our position in this matter, we desire to confirm the request transmitted orally to Mr. Spaulding by Mr. Greer, our member of the Operating Committee, on October 11, viz., that representatives of your Company have no further discussion with representatives of the Philadelphia Electric Company regarding any changes to, or extension or renewal of, the existing contract, which will terminate on March 31, 1948, or the making of a new contract, before receiving further advice from Consolidated Company.

Yours very truly,

(Sgd.) Wm. Schmidt, Jr.

President.

**ACTUAL CAPACITY AVAILABLE FROM SAFE HARBOR-HOLTWOOD POWER DEVELOPMENTS
AT TIME OF ANNUAL PEAKS - KW.**

F.P.C. Area 6 Annual System Peak (Incl. Penna. Firm Cust.)

	1944	1945	1946
Time	Dec.11-6 p.m.	Dec. 5-6 p.m.	Dec.19-6 p.m.
Capacity available from Safe Harbor and Holtwood Power Developments	321,000 kw.	364,000 kw.	355,000 kw.
Holtwood Hydro	98,000 kw.	102,000 kw.	102,000 kw.
Holtwood Steam	28,000 kw.	28,000 kw.	28,000 kw.
Safe Harbor Hydro	195,000 kw.*	234,000 kw.	225,000 kw.

Safe Harbor - Holtwood Power Developments System Peak

Time	Apr.19-8 a.m.	May 2-5 p.m.	May 25-1 p.m.
Capacity available from Safe Harbor and Holtwood Power Developments	370,000 kw.	371,000 kw.	368,000 kw.
Holtwood Hydro	105,000 kw.	109,000 kw.	109,000 kw.
Holtwood Steam	28,000 kw.	28,000 kw.	28,000 kw.
Safe Harbor Hydro	237,000 kw.	234,000 kw.	233,000 kw.

Holtwood Power Development Peak

Time	Apr.14-1 a.m.	Apr.28-3 p.m.	May 22-5 p.m.
Capacity available from Holtwood Power Development	137,000 kw.	138,000 kw.	137,000 kw.
Holtwood Hydro	109,000 kw.	110,000 kw.	110,000 kw.
Holtwood Steam	28,000 kw.	28,000 kw.	27,000 kw.

Safe Harbor Power Development Peak

Time	May 15-5 a.m.	Mar.30-11 p.m.	June 9-7 a.m.
Safe Harbor Hydro (Max. 1-hr. output)	239,000 kw.	230,000 kw.	238,000 kw.

*No. 2 Unit (31,000 kw.) was out for maintenance. (There was sufficient spare capacity available to permit this maintenance in December).

**FIRM POWER DEMANDS OF PENNSYLVANIA CUSTOMERS
ON PENN WATER-SAFE HARBOR SYSTEM
AT TIME OF ANNUAL PEAKS - KW.**

F.P.C. Area 6 Annual System Peak

	1944	1945	1946
Time	Dec.11-6 p.m.	Dec. 5-6 p.m.	Dec.19-6 p.m.
Penna. Power & Light Co.	52,000	52,000	55,000
Philadelphia Electric Co.	23,000	24,000	27,000
Edison Light & Power Co.	9,000	10,000	-
Metropolitan Edison Co.	-	-	21,000
Pennsylvania Railroad (Total Demand on "Electric Companies")	52,000	58,000	65,000
Pennsylvania Railroad (Requirements in Pennsylvania)	*	25,000	24,000
Pennsylvania Railroad (Requirements in Maryland)	*	33,000	41,000

Safe Harbor-Holtwood Power Developments System Peak

Time	Apr.19-8 a.m.	May 2-5 p.m.	May 25-1 p.m.
Penna. Power & Light Co.	49,000	49,000	26,000
Philadelphia Electric Co.	16,000	18,000	11,000
Edison Light & Power Co.	6,000	7,000	-
Metropolitan Edison Co.	-	-	22,000
Pennsylvania Railroad (Total Demand on "Electric Companies")	73,000	55,000	8,000
Pennsylvania Railroad (Requirements in Pennsylvania)	*	*	3,000
Pennsylvania Railroad (Requirements in Maryland)	*	*	5,000

Holtwood Power Development Peak

Time	Apr.14-1 a.m.	Apr.28-3 p.m.	May 22-5 p.m.
Penna. Power & Light Co.	28,000	42,000	36,000
Philadelphia Electric Co.	18,000	17,000	19,000
Edison Light & Power Co.	3,000	4,000	-
Metropolitan Edison Co.	-	-	21,000
Pennsylvania Railroad (Total Demand on "Electric Companies")	44,000	50,000	58,000
Pennsylvania Railroad (Requirements in Pennsylvania)	*	*	23,000
Pennsylvania Railroad (Requirements in Maryland)	*	*	35,000

Non-Coincident Maximum Demands of Pennsylvania Firm Customers

	1944	1945	1946
Date	Kw.	Date	Kw.
Penna. Power & Light Co.	Nov. 21-10 a.m. 66,000	Apr. 25-11 a.m. 67,000	Sept. 24-10 a.m. 67,000
Philadelphia Electric Co.	Jan. 21-11 a.m. 25,000	Jan. 12-10 a.m. 25,000	Dec. 19-6 p.m. 27,000
Edison Light & Power Co.	June 19-12 Noon 10,000	Oct. 2-11 a.m. 11,000	-
Metropolitan Edison Co.	-	-	Dec. 20-6 p.m. 23,000
Penna. RR (Total Demand on "Elec. Cos.")	Feb. 29-7 p.m. 81,000	Dec. 10-9 p.m. 82,000	Feb. 14-6 p.m. 81,000
Penna. RR (Requirements in Penna.)	-	-	Feb. 13-7 p.m. 45,000
Penna. RR (Requirements in Md.)	-	-	Apr. 19-6 p.m. 52,000

*Not measured

J. A. WALLS, PRESIDENT

JAS. L. RINTOUL, EXEC. VICE-PRESIDENT

G. W. SPAULDING, VICE-PRESIDENT

J. U. DIEHL, TREASURER

WM. H. EICHHORN, JR., SECRETARY

Pennsylvania Water & Power Company
Lexington Building
Baltimore 1, Md.

May 28, 1946

Mr. R. T. Greer,
Member - Operating Committee,
Consolidated Gas Electric Light and Power Company
Baltimore-3, Maryland

Dear Mr. Greer:

Please find enclosed the data prepared by this Company for Schedules 2 and 16 of F.P.C. Form 12 for the year 1945. The attached schedules and accompanying notes are being filed by Pennsylvania Water & Power Company and Safe Harbor Water Power Corporation in their power system report to the Federal Power Commission, and the same data are applicable to the combined system report for Penn Water, Safe Harbor, Baltimore, Washington and Bethlehem Steel companies, being compiled by your Company from data submitted by the several operating companies.

Yours very truly,

(s) G. W. Spaulding

G. W. Spaulding
Member - Operating Committee

CWS:F
Encl.

COPY

Charles M. Cohn
Chairman of the Board

Wm. Schmidt, Jr.
President

Charles P. Crane
Executive Vice-President

CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY
OF BALTIMORE

Baltimore-3. Md..

June 3, 1946

Mr. G. W. Spaulding
Member, Operating Committee
Pennsylvania Water & Power Co.
Lexington Building
Baltimore-1, Maryland

Dear Mr. Spaulding:

Attached are copies of Schedules 2 and 16
of F.P.C. Form 12 which we have prepared for the pool report
for the year 1945.

You will note that we are following the
same method of stating hydro capacity as was used in the pool
report for the several previous years. We have, however, in-
cluded notes (last paragraph in notes to Schedule 2 and note
1-b to Schedule 16) which indicate that your Company desires to
state the dependable hydro capacities on a different basis and
that your Company in its report is submitting different figures.

Very truly yours,

(s) R. T. Greer

R. T. Greer
Member, Operating Committee

JAS. L. RINTOUL, EXEC. VICE-PRESIDENT

G. W. SPAULDING, VICE-PRESIDENT

J. A. WALLS, PRESIDENT

J. U. DIEHL, TREASURER

WM. H. EICHORN, JR., SECRETARY

Pennsylvania Water & Power Company
Lexington Building
Baltimore 4, Md.

June 5, 1946

Mr. R. T. Greer,
Member - Operating Committee,
Consolidated Gas Electric Light and Power Company
Baltimore-3, Maryland

Dear Mr. Greer:

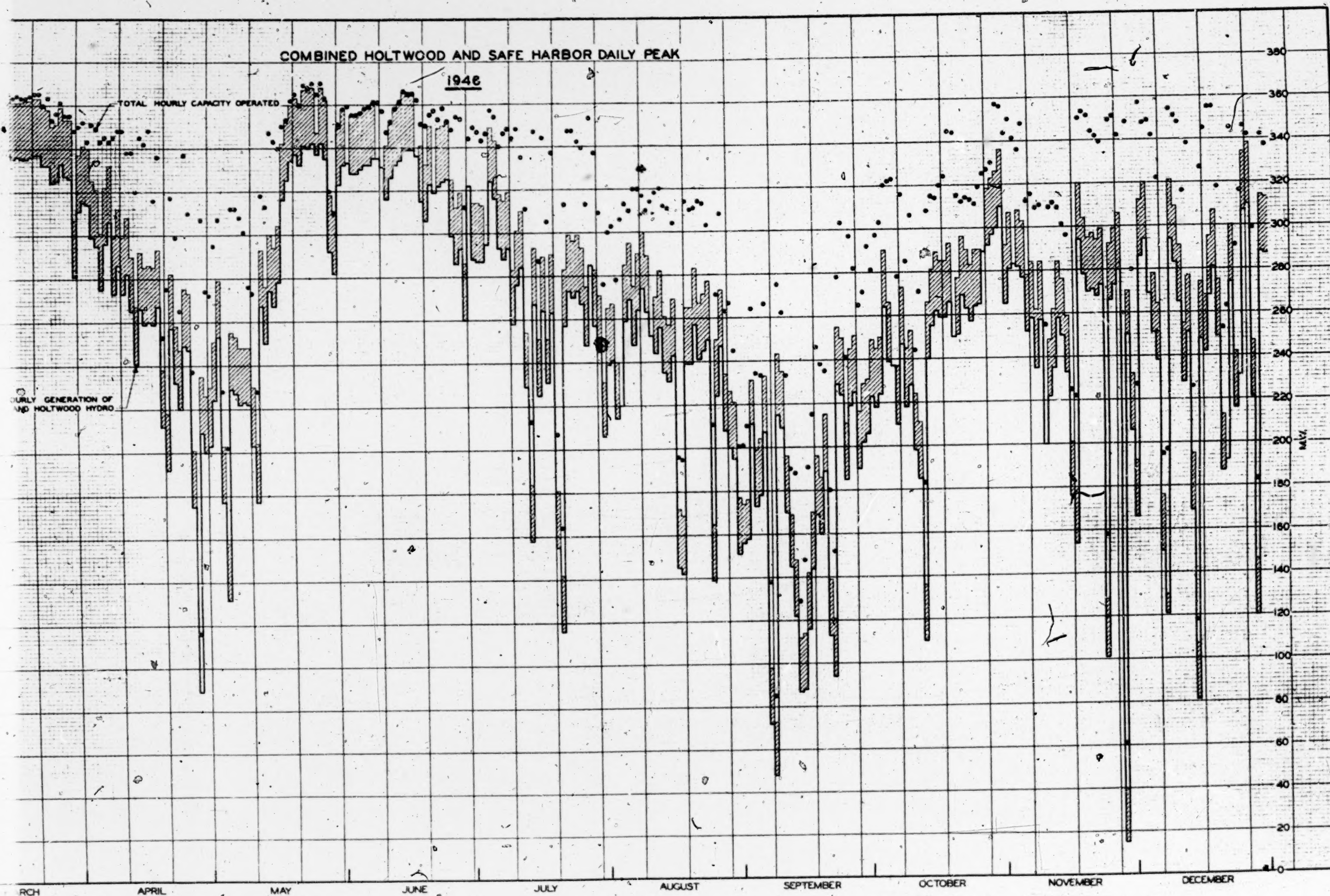
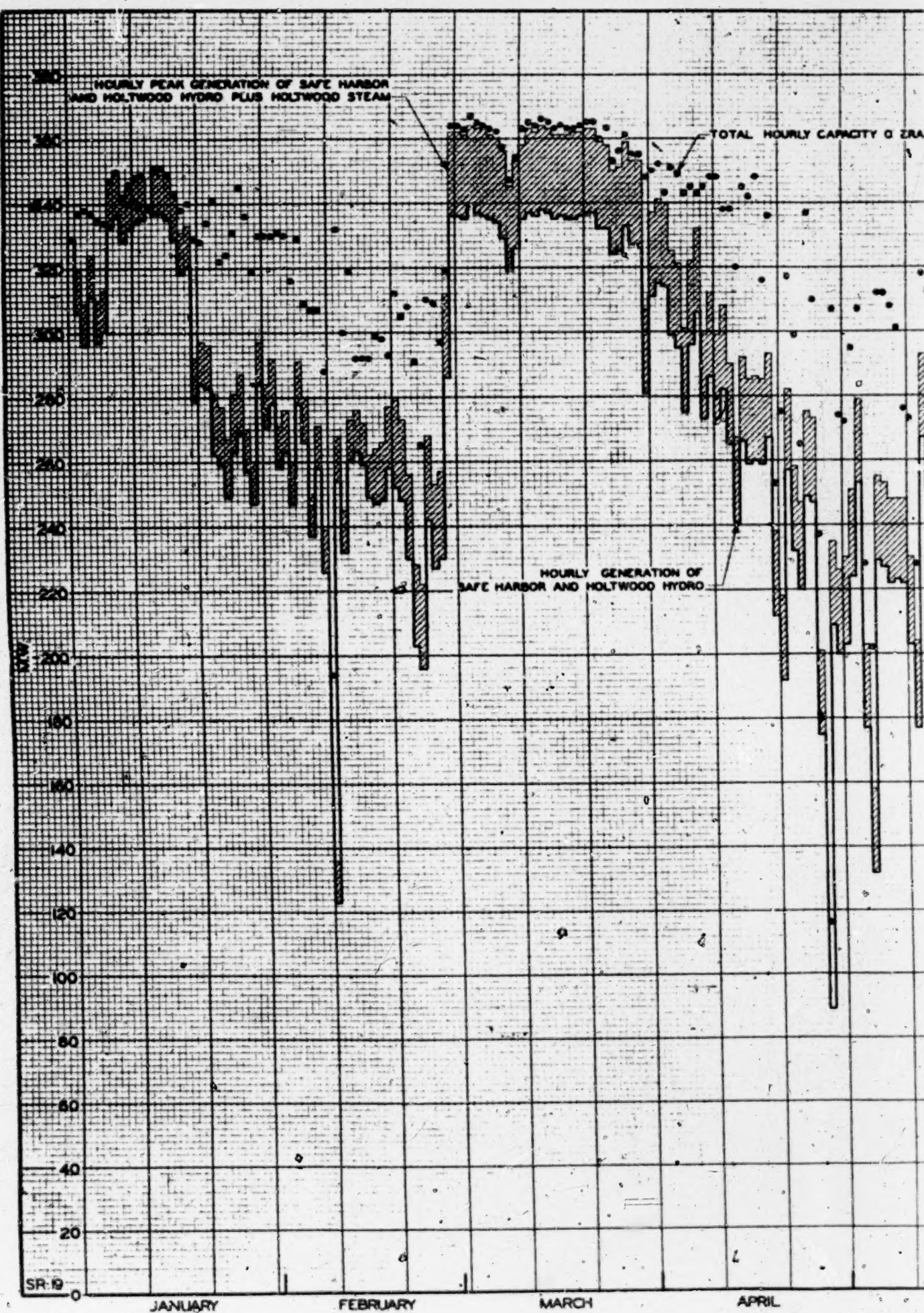
This will acknowledge your note of June 3, 1946, enclosing the data and notes which your company has prepared for inclusion in F.P.C. Form No. 12 for the year 1945, applicable to the combined system report for Penn Water, Safe Harbor, Baltimore, Washington and Bethlehem Steel companies.

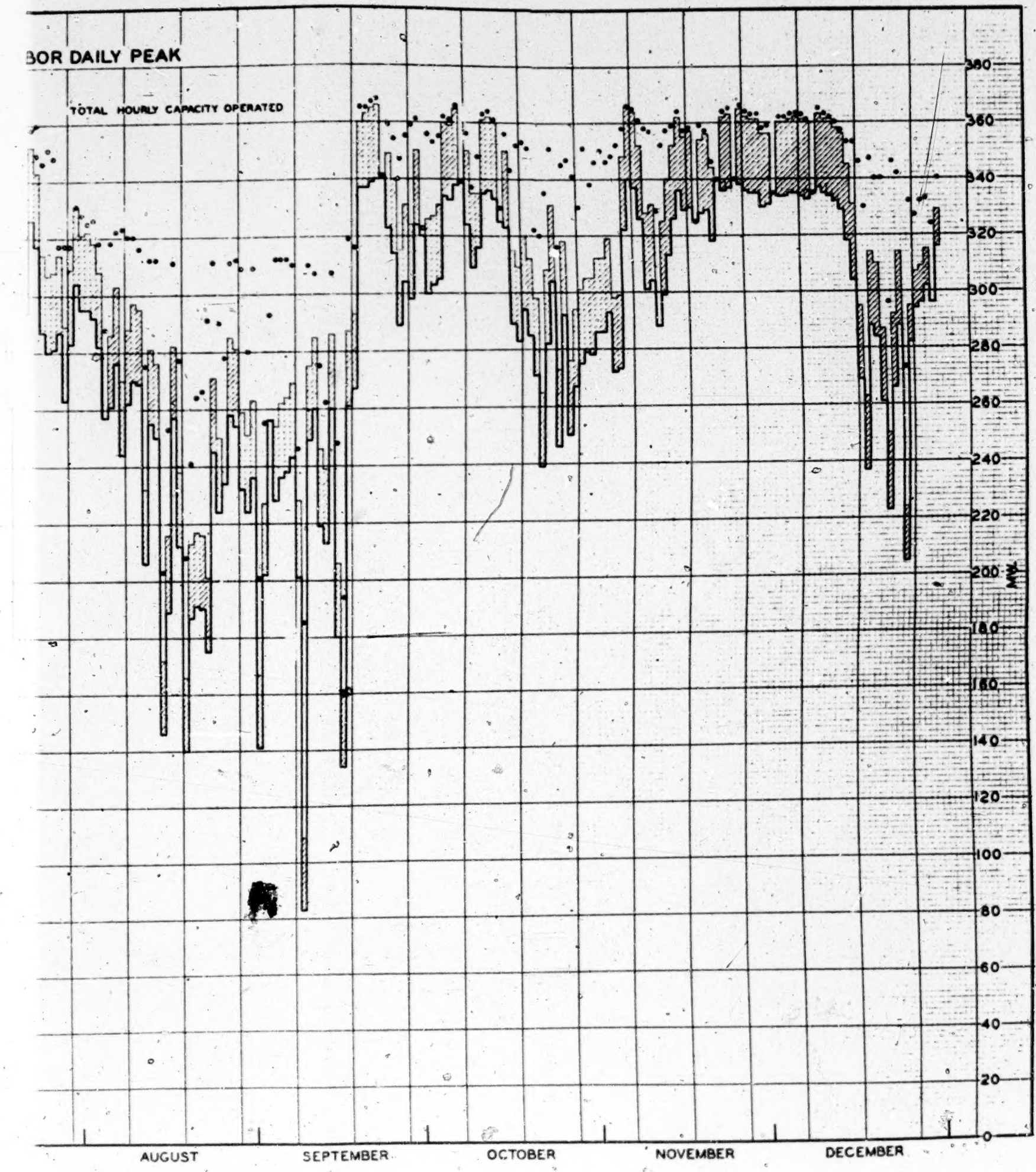
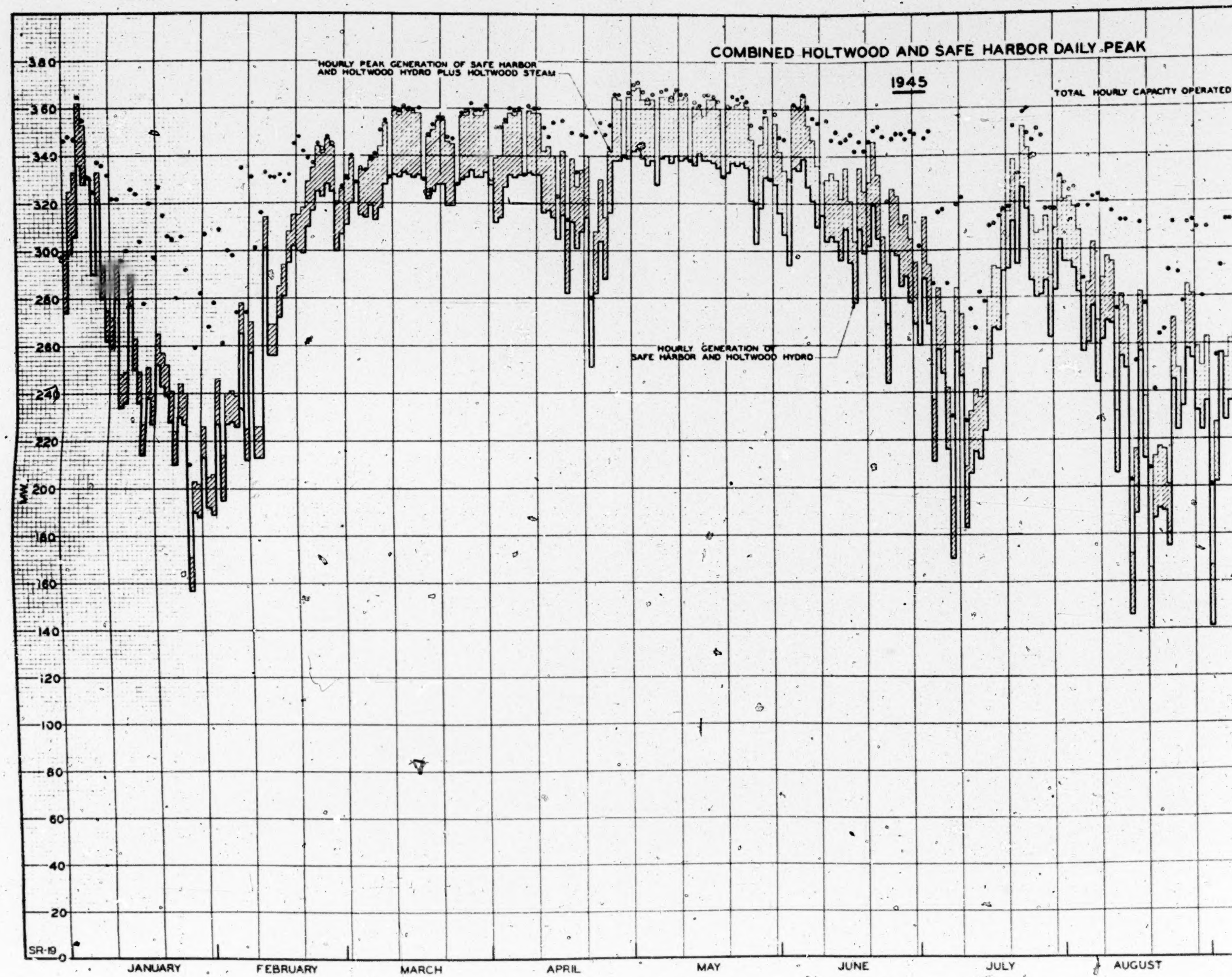
We wish to refer you to our letter of May 28, 1946 and the statements attached thereto, as we believe such statements are the only correct data for submission to the Federal Power Commission as respects the capacities of this Company and of Safe Harbor Company in connection with F.P.C. Form No. 12, Annual Report.

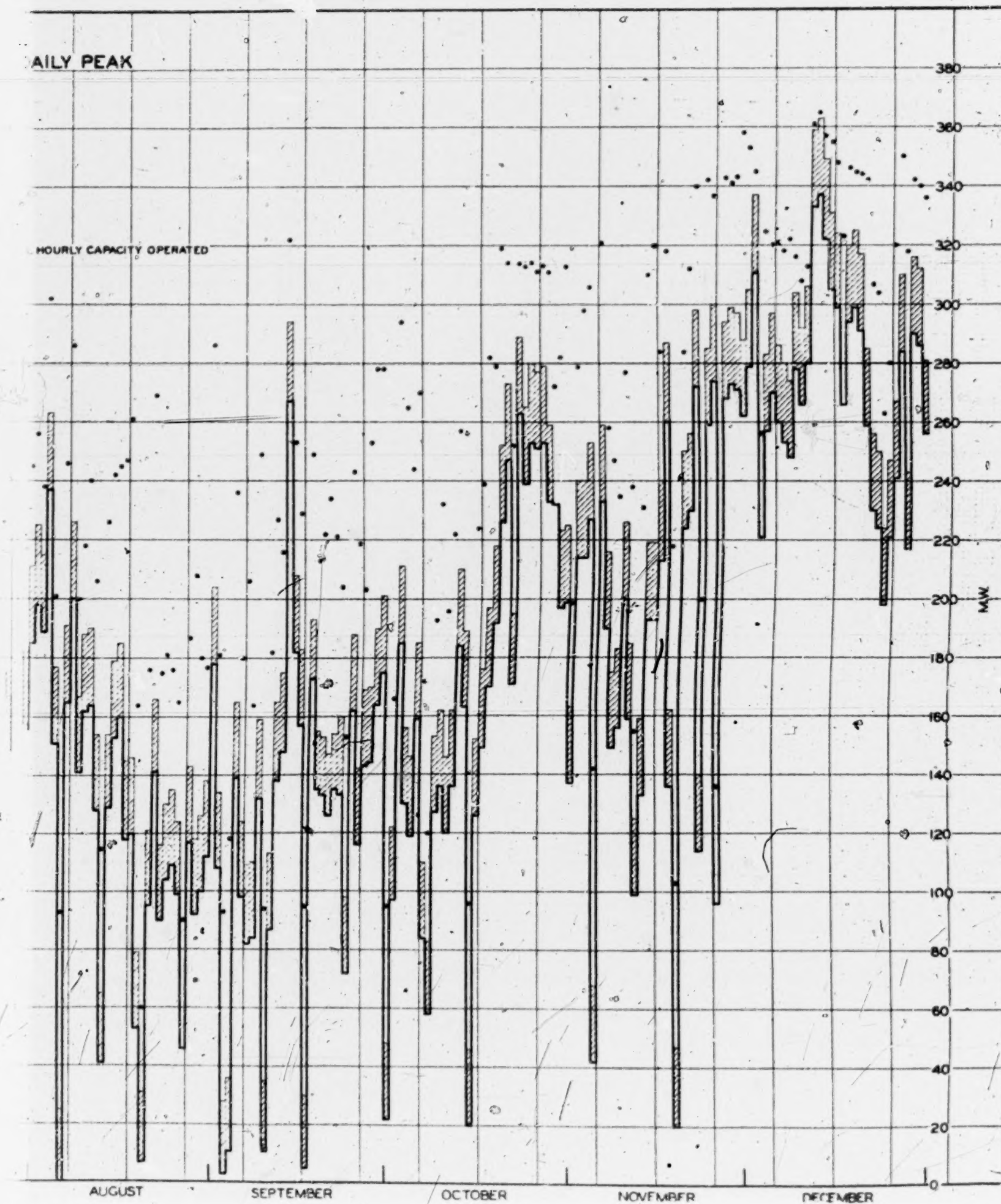
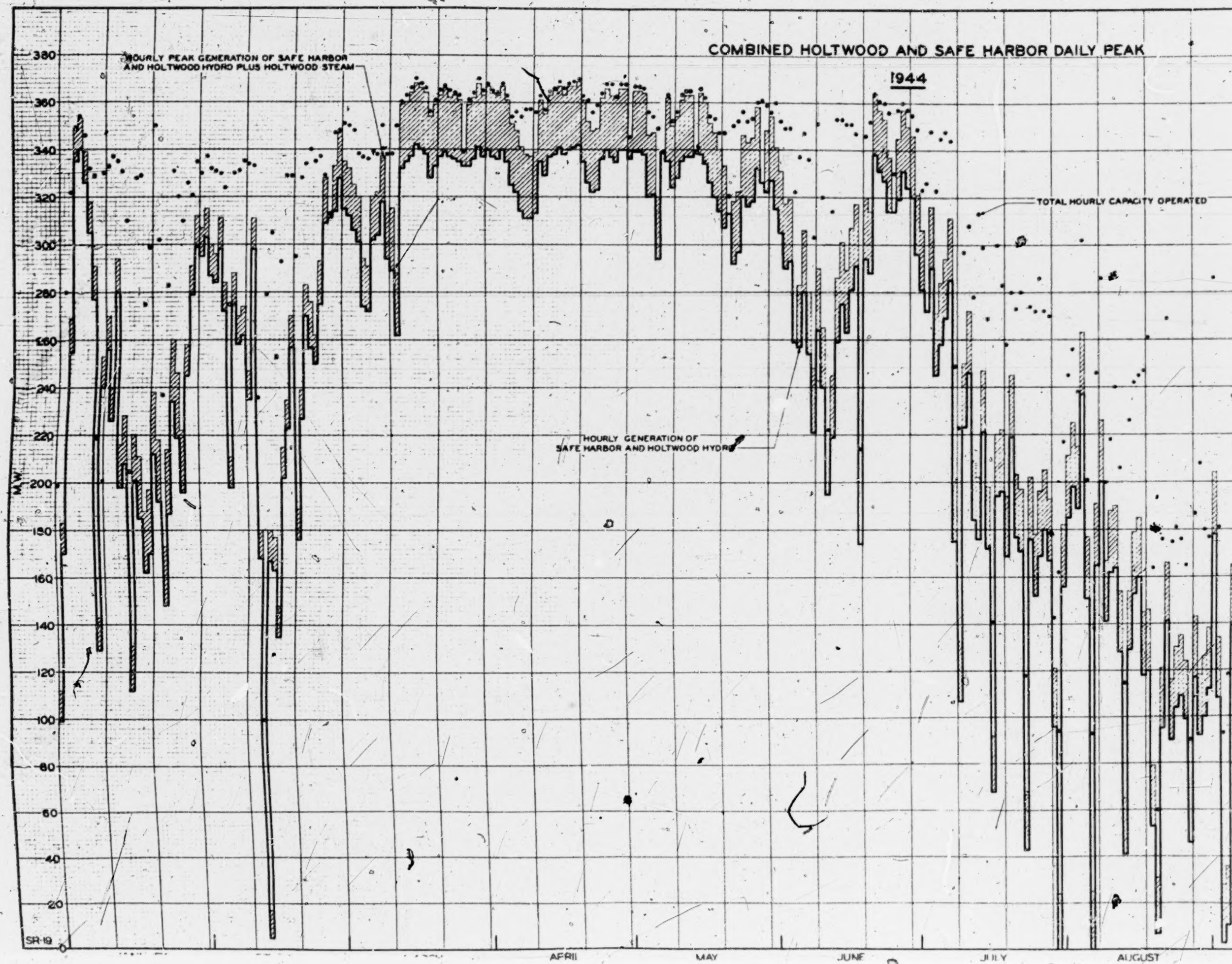
Yours very truly,

(s) G. W. Spaulding

G. W. Spaulding
Member - Operating Committee

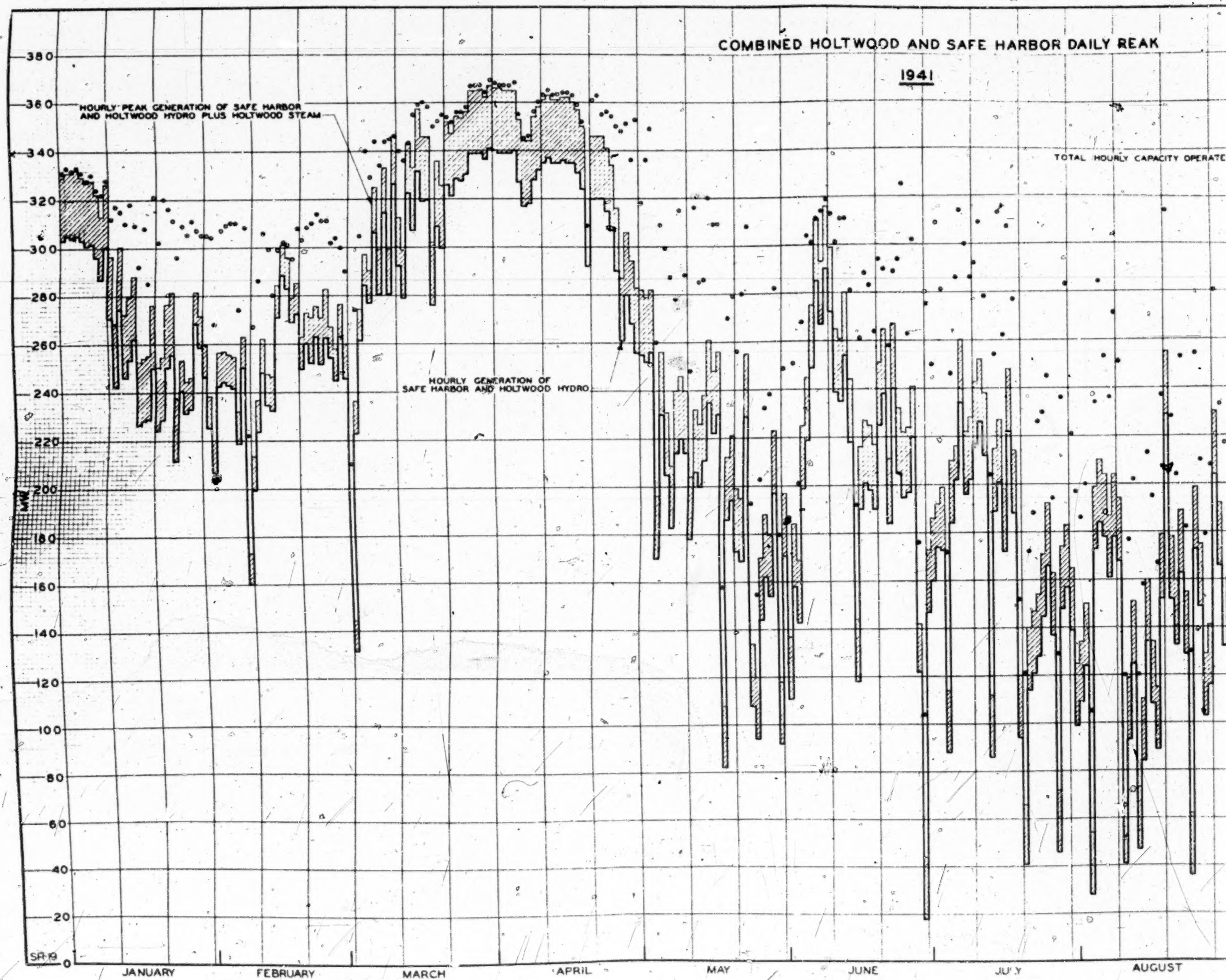




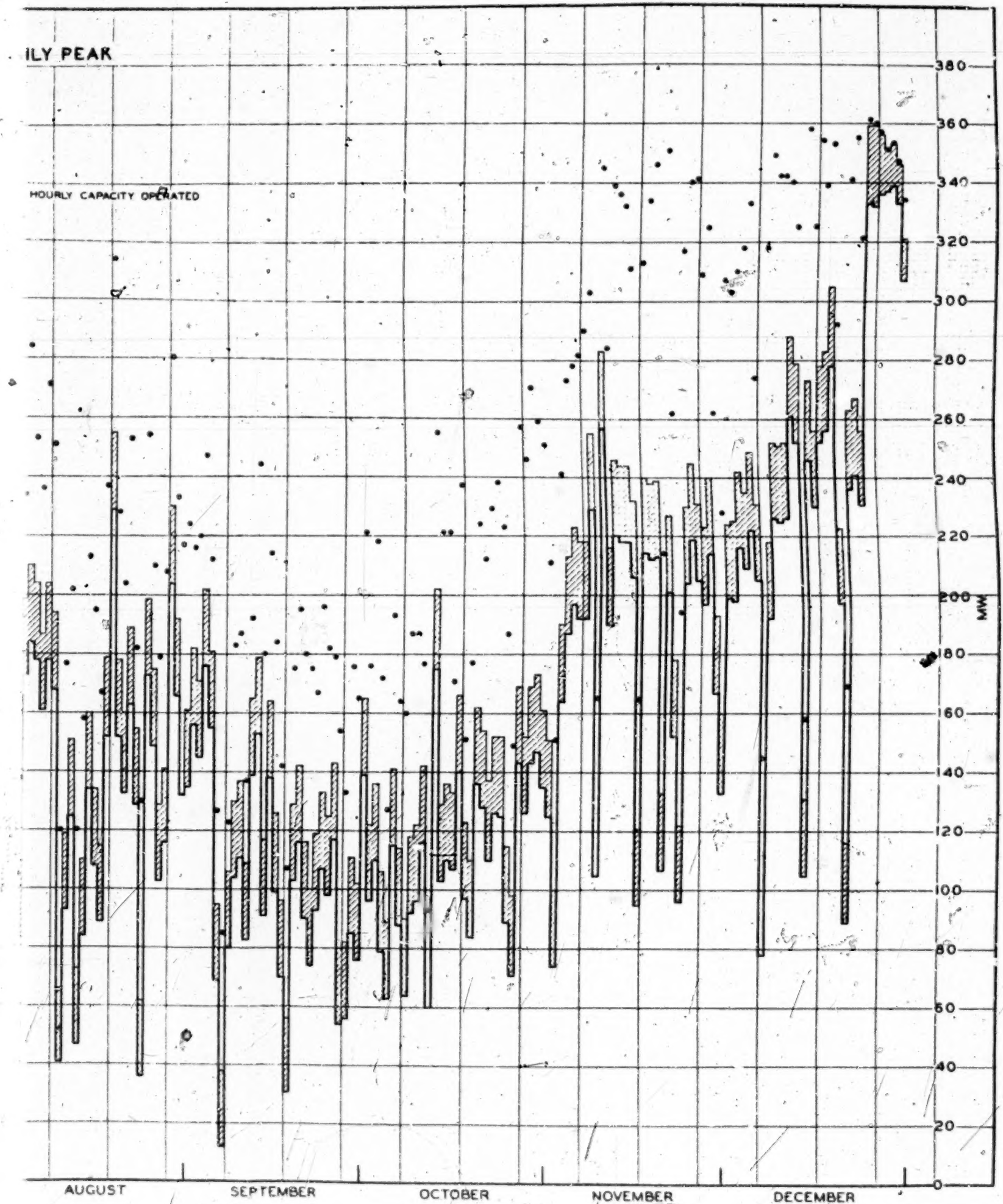


COMBINED HOLTWOOD AND SAFE HARBOR DAILY PEAK

1941



DAILY PEAK



ACTUAL CAPACITY SERVICE FURNISHED AND AVAILABLE TO BALTIMORE
FROM PENN WATER AND SAFE HARBOR
 (All data in Kilowatts)

<u>Date</u>	<u>Actual Delivery to Baltimore* at Time of Area 6 System Peak</u>	<u>Actual Delivery to Baltimore Adjusted for Interchange Transactions</u>	<u>Capacity Service Available to Baltimore At Time of Area 6 System Peak</u>
1944 Dec. 11 -6 p.m.	140,000	161,000	181,000**
1945 Dec. 5 -6 p.m.	137,000	195,000	205,000
1946 Dec. 19 -6 p.m.	61,000	130,000	174,000

<u>Date</u>	<u>Actual Delivery to Baltimore* at Time of Safe Harbor-Penn Water System Peak</u>	<u>Actual Delivery to Baltimore Adjusted for Interchange Transactions</u>	<u>Capacity Service Available to Baltimore at Time of Safe Harbor-Penn Water System Peak</u>
1944 Apr. 19-8 a.m.	165,000	194,000	195,000
1945 May 2-5 p.m.	149,000	202,000	209,000
1946 May 25-1 p.m.	236,000	246,000	246,000

<u>Date</u>	<u>Actual Delivery to Baltimore* at Time of Holtwood Power Development Peak</u>	<u>Actual Delivery to Baltimore Adjusted for Interchange Transactions</u>	<u>Capacity Service Available to Baltimore At Time of Holtwood Power Development Peak</u>
1944 Apr. 14-1 a.m.	228,000	245,000	246,000
1945 Apr. 28-3 p.m.	166,000	234,000	235,000
1946 May 22-5 p.m.	162,000	189,000	189,000

<u>Date</u>	<u>Maximum Annual Delivery to Baltimore*</u>	<u>Maximum Annual Delivery to Baltimore Adjusted for Inter- change Transactions</u>	<u>Maximum Capacity Service Available to Baltimore</u>
1944 Mar. 16-1 a.m.	245,000	262,000	264,000
1945 Sept. 22-4 p.m.	230,000	250,000	251,000
1946 May 25-5 p.m.	242,000	246,000	246,000

* Net hourly deliveries at Highlandtown, Westport, Riverside and Takoma.

** A 31,000 kw. unit at Safe Harbor was out for maintenance.

Costs of
Penn Water's and Safe Harbor's
Firm Power Services
Rendered to Baltimore Company

1946 - Actual and Adjusted

General Statement

This cost of service study consists of 13 schedules, each schedule consisting generally of two parts. The first parts provide certain data in tabular form and the second parts consist of notes regarding the sources of the data and the methods of computation.

Schedules 1 and 2 provide basic data with respect to investments of Penn Water and Safe Harbor, shown separately for general production plant and for the special facilities provided for the various customers. These data are derived from the cost records of the companies, supplemented by the estimated costs of major authorized additions now in progress.

Schedules 3, 4 and 5 provide the basis for the determination of the capacity and energy service components of Penn Water's and Safe Harbor's combined firm power services to Baltimore Company. These data were derived from the operating records of the companies.

Schedules 6 through 13 show the computations of Penn Water's and Safe Harbor's costs for firm power services to Baltimore Company. These computations are based on the preceding schedules and on additional data obtained from the accounting records of the companies. In addition to the actual costs shown for 1946, a determination has been made of costs typical of conditions in the immediate future. These typical costs are based on actual 1946 costs adjusted for increases in plant investment, increases in operating expenses as estimated for the current year, and the elimination of the tax credit arising from the refunding of Safe Harbor's bonds.

The following summary of results is produced by a combination of costs and returns determined for firm power services rendered to Baltimore Company and shown in Schedules 9a, 10a, and 13a.

Costs of
Penn Water's and Safe Harbors
Firm Power Services
Rendered to Baltimore Company

1946 - Actual and Adjusted

Summary of Results

Total Costs Incurred in Rendering Firm Power Services to
Baltimore Company

<u>Actual</u>	<u>Services Rendered Directly to Baltimore Co. (Sch. 9a and 10a)</u>	<u>Services Rendered to PRR in Maryland (Sch. 13 a)</u>	<u>Total</u>
<u>Penn Water</u>			
Costs (excl. return)	\$ 2,307,000	\$ 87,000	\$ 2,394,000
Return	1,146,000	66,000	1,212,000
Total	\$ 3,453,000	\$ 153,000	\$ 3,606,000
<u>Safe Harbor</u>			
Costs (excl. return)	\$ 473,000	\$ 35,000	\$ 508,000
Return	950,000	60,000	1,010,000
Total	\$ 1,423,000	\$ 95,000	\$ 1,518,000
<u>Combined Penn Water and Safe Harbor - 1946 Actual</u>	<u>\$4,876,000</u>	<u>\$ 248,000</u>	<u>\$ 5,124,000</u>
<u>Adjusted</u>			
<u>Penn Water</u>			
Costs (excl. return)	\$ 2,406,000	\$ 90,000	\$ 2,496,000
Return	1,161,000	67,000	1,228,000
Total	\$ 3,567,000	\$ 157,000	\$ 3,724,000
<u>Safe Harbor</u>			
Costs (excl. return)	\$ 867,000	\$ 62,000	\$ 929,000
Return	950,000	60,000	1,010,000
Total	\$ 1,817,000	\$ 122,000	\$ 1,939,000
<u>Combined Penn Water and Safe Harbor, 1946 Adjusted</u>	<u>\$ 5,384,000</u>	<u>\$ 279,000</u>	<u>\$ 5,663,000</u>

Cost of Service Study1946-Actual and AdjustedStatement of Penn Water's Investments in General
Production Plant and in Special Facilities, and
Statement of Depreciation Reserveas of Jan. 1, 1946as of Dec. 31, 1946

	<u>in Pa.</u>	<u>in Md.</u>	<u>Total</u>	<u>in Pa.</u>	<u>in Md.</u>	<u>Total</u>
	(units of \$1,000)	(units of \$1,000)		(units of \$1,000)	(units of \$1,000)	
1. General Production Plant	25,940.0	21.3	25,961.9	26,094.0	21.5	26,115.5
2. Special Facilities for Baltimore Co.	1,345.4	5,243.7	6,589.1	1,353.3	5,249.9	6,603.2
3. Special Facilities for P.R.R.	1,842.9	504.3	2,347.2	1,850.0	504.8	2,354.8
4. Special Facilities for Others	<u>1,447.7</u>	<u>-</u>	<u>1,447.7</u>	<u>1,462.4</u>	<u>-</u>	<u>1,462.4</u>
5. Total Electric Plant (1+2+3+4)	30,576.6	5,769.3	36,345.9	30,759.7	5,776.2	36,535.9
6. Excess of Book Cost over Revised Original Cost						2,218.1
7. Plant, Property and Power Development (per books) (5+6)						<u>38,754.0</u>
8. Depreciation Reserve (per books)						9,453.9
9. Depreciation Reserve (per D. Gunn)			<u>6,000.0</u>			<u>6,357.3</u>

Schedule 1bCost of Service Study1946 - Actual and AdjustedNotes to Schedule 1a

All data on Schedule 1a have been obtained from revised original cost data.

For the purpose of this study the investment as of January 1, 1946 has been adjusted to eliminate the cost of Violet Hill Substation, sold in March 1946.

1. General Production Plant includes hydro station, steam station, coal production and preparation plants, service buildings, 25 and 60 cycle step-up substations, tie between circuits 13 and 14 and circuits 15 and 16, Holtwood-Safe Harbor transmission lines, load dispatching facilities, and village.
2. Special Facilities for Baltimore include Holtwood-Baltimore, Safe Harbor-Baltimore, Gunpowder-Baltimore, and Ellicott-Washington transmission lines and Highlandtown, Ellicott and Manor Substations.
3. Special Facilities for P.R.R. include Conestoga Substation and Safe Harbor-Perryville transmission lines.
4. Special Facilities for Others include Holtwood-York, Holtwood-Coatesville, and Holtwood-Lancaster (part of circuits 3 and 18 owned by Penn Water) transmission lines, facilities for Pioneer service, Lehman Farm and Donegal Tap switching stations and Violet Hill Substation.
5. Depreciation Reserve of \$6,000,000 as of January 1, 1946 (after adjustment resulting from sale of Violet Hill) is in accordance with testimony of D. Gunn (T-288). The balance in the reserve as of December 31, 1946 is computed as follows:

Depreciation Reserve, Jan. 1, 1946	\$6,000,000
Add: Depreciation Expense (T-288)	400,000
Deduct: Charges to Reserve (excl. Violet Hill)	-42,686
Balance - Dec. 31, 1946	\$6,357,314

To reflect expected conditions in the immediate future, the plant investment as of Dec. 31, 1946 has been adjusted by the addition thereto of the estimated cost of major authorized additions now in progress. The estimated costs of these additions and the total adjusted plant investments are as follows:

Schedule 1b (Continued)

	<u>Estimated Cost of Major Additions</u> <u>\$1,000</u>	<u>Adjusted Plant</u> <u>\$1,000</u>
1. General Production Plant	380	26,795.5
2. Special Facilities for Baltimore Co.	30	6,633.2
3. " " " P.R.R.	0	2,354.8
4. " " " Others	<u>340</u>	<u>1,802.4</u>
5. Total Electric Plant	<u>750</u>	<u>37,235.9</u>

The largest addition included above is the 66 kv. Manor Substation; one third of the cost of this substation has been allocated to General Production Plant and two thirds to Special Facilities for Others.

Schedule 2aCost of Service Study1946-Actual and Adjusted

Statement of Safe Harbor's Investments in General
Production Plant and in Special Facilities, and
Statement of Depreciation Reserve

	as of <u>Jan. 1, 1946</u> (units of \$1,000)	as of <u>Dec. 31, 1946</u> (units of \$1,000)
1. General Production Plant	28,254.4	28,306.2
2. Special Facilities for P.R.R.	<u>1,934.3</u>	<u>1,934.3</u>
3. Total Electric Plant	<u>30,188.7</u>	<u>30,240.5</u>
4. Depreciation Reserve	<u>2,142.0</u>	<u>2,399.0</u>

Note: All Safe Harbor property located within the project boundaries in the Commonwealth of Pennsylvania.

Schedule 2bCost of Service Study1946 - Actual and AdjustedNotes to Schedule 2a

All data in Schedule 2a are from S.H. original cost records.

1. General Production Plant includes hydro station (excluding certain items listed below as special facilities), step-up transformer facilities, and village.
2. Special Facilities for P.R.R. includes tunnel to Conestoga Substation, control facilities for Conestoga Substation (located in S.H. powerhouse) frequency changer including site improvement, excess costs of 25 cycle generators over cost of 60 cycle generators including structures.

To reflect expected conditions in the immediate future, the plant investment as of December 31, 1946 has been adjusted by the addition thereto of the estimated cost of major authorized additions now in progress. The estimated costs of these additions and the total adjusted plant investments are as follows:

	<u>Estimated Cost of Major Additions</u> (units of \$1,000)	<u>Adjusted Plant</u> (units of \$1,000)
1. General Production Plant	120	28,426.2
2. Special Facilities for PRR	0	1,934.3
3. Total Electric Plant	<u>120</u>	<u>30,360.5</u>

Cost of Service Study1946 ActualSummary of Interchange Purchases and Sales
and of Backfeed Used in Connection with
Firm Supply

	<u>\$1,000</u>	<u>million kwh.</u>	<u>mills per kwh.</u>
<u>Interchange</u> (as accounted for in actual billing records)			
1. P.W.'s purchases from Pennsylvania Ties	54.5	12.8	4.27
2. P.W.'s purchases from Baltimore Co. (see Item 7)		(not accounted for in "net" billing)	
3. P.W. & S.H. Hydro & P.W. Steam Energy Sold as Interchange to Pennsylvania Customers	32.8	14.5	2.27
4. Backfeed and Diverted Energy Sold as Inter- change to Pennsylvania Customers	<u>1,149.4</u>	<u>187.9</u>	<u>6.05</u>
5. Total Interchange Sales in Pennsylvania (3+4)	<u>1,182.2</u>	<u>204.4</u>	
<u>Backfeed used in connection with firm supply in Pennsylvania (per accounting necessary to show services to Baltimore Co. on a firm power basis)</u>			
6. Purchases from Pennsylvania Customers	16.9	4.0	4.27
7. Purchases from Baltimore Company	<u>333.3</u>	<u>76.4</u>	<u>4.10</u>
8. Total backfeed or interchange purchases used in connection with firm supply in Pennsylvania (6+7)	<u>330.2</u>	<u>80.4</u>	

Schedule 3a

[24373]

Exhibit No. 378

4199

4200

Exhibit No. 378

[24374]

Schedule 3b

Cost of Service Study

1946 - Actual

Notes to Schedule 3a

Line 1

to 5 - All dollar and energy amounts are from Company's interchange billing records.

Line 6 - Total interchange purchases from Pennsylvania Customers (Line 1) minus interchange sales to Baltimore Company as shown in Item (e) 11 of Firm Power Bill. Energy amounts from analysis of 1946 records. Rate (mills/kwh.) used is same as in line 1.

Line 7 - Dollar amounts are same as Item (d) 5a of Firm Power Bill. Energy amounts and rate (mills/kwh.) used are based on analysis of 1946 records.

Schedule 4aCost of Service Study1946 ActualPenn Water's and Safe Harbor's Energy Services
to Baltimore Company

	<u>million kwh.</u>
1. P.W. and S.H. hydro generation	1,506
2. P.W. steam generation	181
3. Total backfeed used in connection with firm supply in Pennsylvania	<u>80</u>
4. Total Available energy (1+2+3)	1,767
5. Deduct: Trans. losses and station uses	123
6. Deduct: P.W. and S.H. hydro and P.W. steam energy sold as interchange	<u>14</u>
7. Balance = Firm energy service (4-5-6)	1,630
8. Deduct: Firm energy supplied to o Pennsylvania Customers (incl. P.R.R. in Pa.)	<u>749</u>
9. Balance = Firm energy service rendered to Baltimore Company (7-8)	<u><u>881</u></u>
10. Ratio of firm energy service to Baltimore Company to total firm energy (9/7)	54.0%

Schedule 4bCost of Service Study1946 - ActualNotes to Schedule 4a

Line 1 - 1946 gross generation at Hollywood and Safe Harbor hydro stations.

Line 2 - 1946 gross generation at Holtwood Steam Station.

Line 3 - From Schedule 3a, line 8.

Line 5 - 1946 system transmission losses and Hd.-SH station uses.

Line 6 - From Schedule 3a, line 3.

Line 8 - 1946 supplies to firm customers of Penn. Water and of Penn Water and Safe Harbor in Pennsylvania. All peak transfer energy is included with energy supplied to P.R.R. in Pennsylvania.

Line 9 - The amount shown includes energy service rendered to P.R.R. in Maryland.

Schedule

Cost of Service Study

1946 Actual

Penn Water's and Safe Harbor's Capacity Services
to Baltimore Company

(All Capacities in Megawatts and on 1 Hour Integrated Basis)

1. Hydro Capacity (P.W. + S.H.)	295
2. Capacity of Holtwood Steam Plant	28
3. Deduct: Station Uses & Transmission Losses	<u>18</u>
4. Capacity Services at time of Combined System (Area 6 plus Pennsylvania Customers) Peak (1+2-3)	305
5. Total of Pennsylvania Customers (incl. P.R.R. in Pa.) Loads at time of Combined System Peak	134
6. P.W. and S.H. Share of Combined System Reserve Requirement (Reserve Applicable to Assured Capacity Obligations in Pennsylvania)	<u>20</u>
7. Total Capacity Obligation to Pennsylvania Customers (incl. P.R.R. in Pa.) at time of Combined System Peak (5+6)	<u>154</u>
8. Capacity Services Available to Baltimore Company at time of Combined System Peak (4-7)	151
9. Total of Pennsylvania Customers (incl. P.R.R. in Pa.) Non-coincident Peak Loads	155
10. P.W. and S.H. Share of Combined System Reserve Requirement (Reserve Applicable to Assured Capacity Obligations in Pennsylvania)	<u>20</u>
11. Total Capacity Services to Pennsylvania Customers (incl. P.R.R. in Pa.) (9+10)	<u>175</u>
12. Total (8+11)	<u>326</u>
13. Ratio of Capacity Services to Baltimore Company to Total (8/12)	<u>46.3%</u>

[24377]

Exhibit No. 378

4203

Schedule

Schedule 5bCost of Service Study1946 - ActualNotes to Schedule 5a

- Line 1 - Determination of Holtwood and Safe Harbor hydro capacity service available and used in connection with the combined system loads (Area 6 plus Pennsylvania Customers).
- Line 2 - Winter rating of the peak capacity available from Holtwood Steam Station.
- Line 3 - Experienced losses with total P.W. and S.H. generation as shown in Lines 1 and 2.
- Line 5 - From hourly load data for 1946.
- Line 6 - The Pennsylvania Customers' loads (incl. P.R.R. in Pa. but excl. M.E. Co.) are included in the combined system load. System capacity must be planned to cover this combined load with an adequate margin of reserve. P.W. and S.H. are responsible for the provision from their own capacity of such part of the total system reserve capacity. The reserve capacity responsibility here assigned to P.W. and S.H., to be provided from their capacity, is 15% of the sum of the non-coincident peaks of the Pennsylvania Customers (incl. P.R.R. in Pa. but excl. M.E. Co.).
- Line 7 - Sum of Pennsylvania Customers' loads at time of combined system peak and reserve provided for these loads.
- Line 8 - Capacity services available to Baltimore Company at time of combined system peak (which coincides with Baltimore Company's peak).
- Line 9 - From hourly load data for 1946.
- Line 10 - See Line 6

Cost of Service Study1946 Actual and AdjustedStatement of Penn Water's and Safe Harbor's Electric Plant,
Working Capital, and Depreciation Reserve

	<u>P.W. & P. Co.</u>		<u>S.H.W.P. Corp.</u>	
	<u>(units of \$1,000)</u>		<u>(units of \$1,000)</u>	
	<u>Actual</u>	<u>Adjusted</u>	<u>Actual</u>	<u>Adjusted</u>
Total Electric Plant (from Schedules 1 and 2)				
1. At beginning of year	36,346		30,189	
2. At end of year	36,536		30,240	
3. Average of 1 and 2*	<u>36,441</u>	<u>37,286</u>	<u>30,215</u>	<u>30,360</u>
Working Capital (from Ex. 23 for P.W. and from testimony in IT 5914 for SH)				
4. Materials and Supplies Component	489	489	143	143
5. Cash Component	483	488	77	77
6. Total (4+5)	<u>977</u>	<u>977</u>	<u>220</u>	<u>220</u>
Depreciation Reserve (from Schedules 1 and 2)				
7. At beginning of year	6,000		2,142	
8. At end of year	6,357	6,357	2,399	2,399
9. Average of 7 and 8	<u>6,178</u>	<u>6,357</u>	<u>2,270</u>	<u>2,399</u>

* The amounts in "Adjusted" columns, line 3, are for 12-31-46
plus additions.

Schedule 7a

Cost of Service Study1946 Actual and Adjusted

Allocation of Penn Water's Investment, Working
Capital, Depreciation Reserve, Return and Income
Taxes to Baltimore Company

	<u>Actual</u>		<u>Adjusted</u>	
	<u>factor</u>	<u>\$1,000</u>	<u>factor</u>	<u>\$1,000</u>
<u>Investment in General Production Plant</u> <u>(from Schedule 1)</u>				
1. At beginning of year		25,962		
2. At end of year		26,116		
3. Average of 1 and 2		26,039		26,496
<u>Allocation to Baltimore Company of Line 3</u>				
4. On basis of capacity service	.5x.463	6,028	.5x.463	6,134
5. On basis of energy service	.5x.540	7,031	.5x.540	7,154
<u>Investment in Special Facilities for</u> <u>Baltimore Co. (from Schedule 1)</u>				
6. At beginning of year		6,589		
7. At end of year		6,603		
8. Average of 6 and 7		6,596		6,633
9. Total Investment Allocated to Baltimore Company (4+5+8)		19,655		19,921
10. Ratio of Line 9 to Total Electric Plant from Schedule 6a	.539		.534	
<u>Working Capital Allocated to Baltimore</u> <u>Company</u>				
11. Materials and Supplies (on basis of investment)	.539	264	.534	261
12. Cash (on basis of operating expenses)	.557	272	.557	272
13. Undepreciated Rate Base Allocated to Baltimore Company (9+11+12)		20,191		20,454
14. Depreciation Reserve Allocated to Baltimore Company	.539	3,330	.534	3,395
15. Return on Allocated Rate Base (Rate x 13)	6.5%	1,312	6.5%	1,330
16. Credit on Allocated Depr. Reserve (Rate x 14)	3.0%	99	3.0%	102
17. Allocated Operating Income (15+16)		1,213		1,228
18. Allocated Federal Income Tax		432		440
19. Allocated Pennsylvania Income Tax		20		21
20. Total Income Taxes		452		461

Schedule 7bCost of Service Study1946 - Actual and AdjustedNotes to Schedule 7a

- Lines 4 and 5 - The investment in general production plant, shown in line 3, is allocated one-half to capacity service and one-half to energy service. Of the one-half which is allocated to capacity service, the percentage shown in line 13 of Schedule 5a is allocated to Baltimore Company. Of the one-half which is allocated to energy service, the percentage shown in line 10 of Schedule 4a is allocated to Baltimore Company.
- Line 10 - The total investment allocated to Baltimore Company shown in Line 9, has been divided by the total electric plant, shown in Line 3 of Schedule 6a. The ratio shown here is the portion of Penn Water's total investment in electric plant which is allocated to service to Baltimore Company.
- Line 11 - The materials and supplies component of working capital, shown in Line 4 of Schedule 6a, has been allocated to Baltimore Company in proportion to investment.
- Line 12 - The cash component of working capital, shown in Line 5 of Schedule 6a, has been allocated to Baltimore Company in proportion to operating expenses.
- Line 14 - The depreciation reserve, shown in Line 9 of Schedule 6a, has been allocated to Baltimore Company in proportion to investment.
- Line 15 - A return of $6\frac{1}{2}\%$ has been computed on the undepreciated rate base allocated to Baltimore Company.
- Line 16 - A credit at 3% has been allowed on the allocated portion of the depreciation reserve.
- Lines 18, 19 and 20 - Federal and State Income Taxes have been computed by the tentative tax method used in Penn Water's usual tax computation. In this computation income deductions have been allocated in proportion to total investment and working capital. The Pennsylvania State Income Tax has been allocated in the ratio of the investment in Pennsylvania, included in Line 9, to the total investment in Pennsylvania in Line 5 of Schedule 1a.

Schedule 8a

Cost of Service Study1946 Actual and Adjusted

Allocation of Safe Harbor's Investment, Working
Capital, Depreciation Reserve, Return and Income
Taxes to Baltimore Company

	Actual factor	\$1,000	Adjusted factor	\$1,000
<u>Investment in General Production Plant</u> (from Schedule 2)				
1. At beginning of year		28,254		
2. At end of year		28,306		
3. Average of 1 and 2		28,280		28,426
<u>Allocation to Baltimore Company of line 3</u>				
4. On basis of capacity service	5x.463	6,547	5x.463	6,581
5. On basis of energy service	5x.540	7,636	5x.540	7,675
6. Total Investment Allocated to Baltimore Company (4+5)		14,183		14,256
7. Ratio of line 6 to Total Electric Plant from Schedule 6a	.469		.469	
8. Working Capital		103		103
9. Depreciation Reserve Allocated to Baltimore Company (at beginning of year)	.469	1,005	.469	1,125
10. Return on Allocated Rate Base (Rate x 6)	7.0%	993	7.0%	998
11. Deduct: Interest Comp. of Depr. Exp. (Rate x 9)	4.25%	43	4.25%	48
12. Allocated Operating Income (10-11)		950		950
13. Allocated Federal Income Tax		0		320
14. Allocated Pa. State Income Tax		0		18
15. Total Income Taxes		0		338

Schedule 8bCost of Service Study1946 - Actual and AdjustedNotes to Schedule 8a

- Lines 4 and 5 - The investment in general production plant, shown in Line 3, is allocated one-half to capacity service and one-half to energy service. Of the one-half which is allocated to capacity service, the percentage shown in Line 13 of Schedule 5a is allocated to Baltimore Company. Of the one-half which is allocated to energy service, the percentage shown in Line 10 of Schedule 4a is allocated to Baltimore Company.
- Line 7 - The total investment allocated to Baltimore Company, shown in Line 6, has been divided by the total electric plant, shown in Line 3 of Schedule 6a. The ratio shown here is the portion of Safe Harbor's total investment in electric plant which is allocated to service to Baltimore Company.
- Line 9 - Depreciation reserve at the beginning of the year, shown in Line 5 of Schedule 6a, has been allocated to Baltimore Company in proportion to total investment.
- Line 10 - Return has been computed at 7% on the investment allocated to Baltimore Company.
- Line 11 - Interest component of depreciation expense has been computed at 4-1/4% on the allocated portion of the depreciation reserve.
- Lines 13, 14 and 15 - Federal and State Income Taxes have been computed by the tentative tax method used in Safe Harbor's usual tax computation. In this computation income deductions have been allocated in proportion to investment. As a result of the refunding of Safe Harbor's bonds in 1946, the actual taxes accrued were zero. In the "Adjusted" column the taxes are based on income deductions applicable in the first year after the issuance of Safe Harbor's new bonds and notes.

Cost of Service Study

Schedule 7a

1946 Actual and Adjusted

Allocation of Penn Water's Expenses to Baltimore Company and
Determination of Total Cost to Penn Water for
Service to Baltimore Company

Expenses	Actual			Adjusted		
	Totals to be Allocated	Allocation to Baltimore Co.		Totals to be Allocated	Allocation to Baltimore Co.	
	\$1,000	Ratio	\$1,000	\$1,000	Ratio	\$1,000
1. Operation and Maintenance	1,495	.567	847	1,686	.567	956
2. Net Interchange	297	.540	160	297	.540	160
3. General Expenses	906	.544	493	878	.540	475
4. General Taxes (excl. of Pa. Income Tax)	251	.553	139	253	.553	140
5. Federal Income Tax	-	-	132	-	-	440
6. Pennsylvania Income Tax	-	-	20	-	-	21
7. Depreciation	400	.539	214	400	.534	214
8. Total Expenses			2,307			2,406
<u>Return</u>						
9. Allocated Operating Income (from Schedule 7a)	-	-	1,213	-	-	1,228
10. Credit for Revenues other than from Firm Power Services (Miscellaneous Electric Revenues)	134	.501	(67)	134	.501	(67)
11. Total Expenses and Return Allocated to Baltimore			<u>3,453</u>			<u>3,567</u>

Schedule 7a

4210

Exhibit No. 378

[24384]

Schedule 9bCost of Service Study1946 - Actual and Adjusted.Notes to Schedule 9a

Line 1 - The ratio of the total operation and maintenance expense which has been allocated to Baltimore Company is a composite figure. From the accounting records of the Company, an allocation of operation and maintenance expense was made among the general production plant, fuel cost for Holtwood Steam Station, and special facilities provided for Baltimore Company, P.R.R. and others. The expense allocated to general production plant was in turn allocated 50% to capacity and 50% to energy; these two portions were then allocated to Baltimore Company in proportion to capacity and energy services. Fuel cost for Holtwood Steam Station was allocated to Baltimore Company in proportion to energy service. Expense allocated to special facilities for Baltimore Company was directly included in the allocated total. Part of the load dispatching expense accumulated on the books of Penn Water is charged to Safe Harbor; another credit arises from village revenue. Both credits were considered as applying to general production plant and were allocated through capacity and energy services.

Line 2 - Net interchange is the excess of the estimated cost of backfeed energy used in connection with firm supply over the sales as interchange of Penn Water and Safe Harbor excess hydro and Holtwood steam energy. The dollar amount can be derived, on this basis, as the difference between Line 8 and Line 3 of Schedule 3a.

The amount of net interchange expense can also be derived directly from Penn Water's firm power bill to Baltimore Company. The sum of Items (d) 1, 2, 3 and 5, all representing interchange purchases, minus the sum of Items (e) 5, 6, 7 and 11, all representing interchange sales, is equal to the dollar amount of net interchange.

Net interchange has been allocated to Baltimore Company in the ratios of energy service as shown on Schedule 4a.

Line 3 - General expense has been allocated to Baltimore Company on the basis of investment allocated to Baltimore Company (to the extent of about 75% of the expense) and on the basis of operating expense allocated to Baltimore Company (for the remaining 25% of the expense).

Line 4 - The general taxes here allocated are as shown in the Company records, after deducting therefrom the Pennsylvania income tax, which tax has been considered in relation to return.

General taxes were considered individually. Capital Stock and Property Taxes for Pennsylvania and Maryland were allocated to Baltimore Company in proportion to its allocated portion of investment in each state. Federal taxes other than income were allocated to Balti-

Schedule 9b
(Continued)

more Company by the ratio determined by the allocation of operation and maintenance expense before the credits mentioned in notes for Line 1 above. The Pennsylvania Gross Receipts Tax and Pennsylvania IUC assessment have not been considered allocable to Baltimore Company.

Lines 5 and 6 - Income taxes allocated to Baltimore Company have been copied from Schedule 7a. No total or allocation ratio has been shown since these taxes are unrelated to the total income taxes paid by Penn Water.

Line 7 - Depreciation expense allocated is that shown by the testimony of D. Gunn (T.288).

The allocation ratio is the ratio of investment allocated to service to Baltimore Company as found in Schedule 7a.

Line 10 - It is not possible to allocate against Miscellaneous Electric Revenue any investments or expenses. Consequently, an allocated portion of these revenues must be considered as a credit against the total expenses and return allocated to Baltimore Company.

These revenues have been considered as applying to general production plant and have been allocated to Baltimore Company through energy and capacity services.

The "Adjusted Totals to be Allocated" shown in lines 1, 3 and 4 are based on the Operating Committee's estimated Holtwood Company bill to Baltimore Company for 1947.

Cost of Service Study1946 Actual and Adjusted

Allocation of Safe Harbor's Expenses to Baltimore
Company and Determination of Total Cost to Safe
Harbor for Service to Baltimore Company

<u>Expenses</u>	<u>Actual</u>			<u>Adjusted</u>		
	<u>Totals to be Allocated</u>	<u>Allocation to Baltimore Co.</u>	<u>\$1,000</u>	<u>Totals to be Allocated</u>	<u>Allocation to Baltimore Co.</u>	<u>\$1,000</u>
	<u>\$1,000</u>	<u>Ratio</u>		<u>\$1,000</u>	<u>Ratio</u>	
1. Operation and Maintenance	436	.461	201	513	.461	237
2. General Expenses	226	.465	105	262	.465	122
3. General Taxes (excl. Pa. Income Tax)	99	.425	42	94	.425	40
4. Federal Income Tax			0			320
5. Pennsylvania Income Tax			0			18
6. Depreciation (annuity plus interest)	266	.469	125	278	.469	130
7. Total Expenses			473			867
<u>Return</u>						
8. Allocated Operating Income (from Schedule 8a)			950			950
9. Total Expenses and Return Allocated to Baltimore Company			<u>1,423</u>			<u>1,817</u>

Schedule 10bCost of Service Study1946 - Actual and AdjustedNotes to Schedule 10a

Line 1 - The ratio of the total operation and maintenance which has been allocated to Baltimore Company is a composite figure. From the accounting records of the company allocation of operation and maintenance expense was made between the general production plant and special facilities provided for P.R.R. The expense allocated to general production plant was in turn allocated 50% in capacity and 50% to energy; these two portions were then allocated to Baltimore Company in proportion to capacity and energy services. Part of the load dispatching expense accumulated on the books of Penn Water is charged to Safe Harbor and the allocated portion of this expense was added in the total expense allocated to Baltimore Company. A credit arises from village revenue, which was considered applicable to general production plant and was allocated to Baltimore Company through capacity and energy services.

Line 2 - General expense has been allocated to Baltimore Company in part on the basis of investment allocated to Baltimore and in part on the basis of operating expense.

Line 3 - The general taxes here allocated areas shown in Company records after deducting therefrom the Pennsylvania income tax, which tax has been considered in relation to return.

The ratio allocated to Baltimore Company is a composite figure. Regulatory Commission charges were allocated to general production plant, and in turn allocated through capacity and energy service to Baltimore Company. Other general taxes are related to investment or to operation and maintenance expense and were allocated to Baltimore Company in the same ratios that investment or operation and maintenance respectively were allocated to Baltimore Company. The gross receipts tax was not considered allocable to Baltimore Company.

Lines 4 and 5 - Income taxes allocated to Baltimore Company have been copied from Schedule 8a.

Line 6 - Depreciation expense allocated is the sum of the annuity and interest components. The allocation ratio is the ratio of investment allocated to service to Baltimore Company as found in Schedule 8a.

Line 8 - Because the interest component of depreciation expense is included in Line 6, it has been deducted in the computation of allocated operating income.

The "Adjusted Totals to be Allocated" shown in lines 1, 2 and 3 are based on the Operating Committee's estimated Safe Harbor bill to Holtwood and Baltimore Companies for 1947. The adjusted amount in line 6 includes 4.25% interest on the depreciation reserve balance as of 12-31-46.

Cost of Service Study

1946 Actual and Adjusted

Allocation to P.R.R. of Penn Water's Investment, Working Capital, Return and Expenses for Special Facilities Provided for Service to P.R.R.

	Actual		Adjusted	
	Totals to be Allocated	Allocation to P.R.R.	Totals to be Allocated	Allocation to P.R.R.
	\$1,000	Ratio	\$1,000	Ratio
Investment in Special Facilities for P.R.R. and Allocated Working Capital				
1. Special Facilities at beginning of year (Schedule 1)			2,347	
2. Special Facilities at end of year (Schedule 1)			2,355	
3. Average of 1 and 2			2,351	2,355
4. Ratio of Line 3 to Total Electric Plant		.065		.063
5. Materials and Supplies (on basis of investment)	489	.065	32	.063
6. Cash Working Capital (on basis of operating expenses)	488	.038	19	.038
7. Undepreciated Rate Base Allocated to Special Facilities for P.R.R. (3+5+6)			2,402	2,405
8. Depreciation Reserve Allocated to Special Facilities for P.R.R.	6,178	.065	401	6,357 .063 401
Return				
9. Return on Allocated Rate Base (Rate x 7)		6.5%	156	6.5% 156
10. Credit on Allocated Depr. Reserve (Rate x 8)		3.0%	12	3.0% 12
11. Allocated Operating Income (9-10)			144	144
Expenses				
12. Operation and Maintenance	1,495	.029	43	1,686 .029 49
13. General Expenses	906	.057	52	878 .055 48
14. General Taxes (excl. Pa. Income Tax)	251	.060	15	253 .060 15
15. Federal Income Tax			51	52
16. Pennsylvania Income Tax			3	3
17. Depreciation	400	.065	26	400 .063 25
18. Total Expenses			190	192
19. Total Return and Expenses Allocated to Special Facilities Provided for Service to P.R.R. (11+18)			334	336

Schedule 11a

[24389]

Exhibit No. 378

4215

Schedule 11bCost of Service Study1946 - Actual and AdjustedNotes to Schedule 11a

- Line 4 - The total investment in special facilities provided for service to P.R.R., shown in Line 3, has been divided by the total electric plant, shown in Line 3 of Schedule 6a.
- Lines 5 and 6 - Working Capital (from Ex.23) has been allocated to special facilities for service to P.R.R. in the manner explained in notes to Lines 11 and 12, Schedule 7b.
- Line 11 - Operating Income allocated to special facilities for service to P.R.R. has been determined in the manner explained in notes to Lines 14 to 16, Schedule 7b.
- Line 12 - The only Operation and Maintenance Expense allocated to special facilities for service to P.R.R. results from a direct allocation from accounting records. The ratio determined from this direct allocation of 1946 expense has been applied to the adjusted expenses.
- Line 13 - General Expense has been allocated to special facilities for service to P.R.R. in the manner explained in notes to Line 3, Schedule 9b.
- Line 14 - The General Taxes here allocated are as shown in Company records after deducting therefrom the Pennsylvania Income Tax. The ratio allocated to special facilities for service to the P.R.R. is a composite figure. Property and Capital Stock Taxes for Pennsylvania and Maryland were allocated in proportion to allocated investment in each state. Federal taxes other than income were allocated in proportion to Operation and Maintenance Expense. The Pennsylvania FIC assessment was allocated in proportion to the ratio of P.R.R. revenue to total revenues received from Pennsylvania business.
- Lines 15 and 16 - Income taxes allocated to special facilities for services to P.R.R. have been computed on the allocated return shown in Line 11. The Pennsylvania tax has in turn been proportioned to investment in Pennsylvania. No totals or allocation ratios have been shown, since these taxes are unrelated to the total income taxes paid by Penn Water.
- Line 17 - Depreciation Expense allocated is the amount proposed in the testimony of D. Gunn (T.288). The allocation ratio is that shown in Line 4.

Cost of Service Study

1946 Actual and Adjusted

Schedule 12a

Allocation to P.R.R. of Safe Harbor's Investment, Return and Expenses for Special Facilities Provided for Service to P.R.R.

	Actual			Adjusted		
	Totals to be Allocated	Allocation to P. R. R.		Totals to be Allocated	Allocation to P. R. R.	
	\$1,000	Ratio	\$1,000	\$1,000	Ratio	\$1,000
<u>Investment in Special Facilities for P.R.R.</u>						
1. Special Facilities at beginning of year (Schedule 2)			1,934			
2. Special Facilities at end of year (Schedule 2)			1,934			
3. Average of 1 and 2			<u>1,934</u>			<u>1,934</u>
4. Ratio of Line 3 to Total Electric Plant		.064			.064	
<u>Expenses</u>						
5. Operation and Maintenance	436	.085	37	513	.085	44
6. General Expenses	226	.075	17	262	.075	20
7. General Taxes	99	.051	5	94	.051	5
8. Federal Income Tax	-	-	0	-	-	44
9. Pennsylvania Income Tax	-	-	0	-	-	2
10. Depreciation	266	.064	17	278	.064	18
11. Total Expenses			<u>76</u>			<u>133</u>
<u>Return</u>						
12. Operating Income			<u>129</u>			<u>129</u>
13. Total Expenses and Return Allocated to Special Facilities Provided for Service to P.R.R.			<u>205</u>			<u>262</u>

Schedule 12a

[24391]

Exhibit No. 378

4217

Schedule 12bCost of Service Study1946 - Actual and AdjustedNotes to Schedule 12a

- Line 4 - The total investment in special facilities for service to P.R.R. shown in Line 3 has been divided by the total electric plant, shown in Line 3 of Schedule 6a.
- Line 5 - The only Operation and Maintenance Expense allocated to special facilities for service to P.R.R. results from a direct allocation from accounting records. The ratio determined from this direct allocation of 1946 expense has been applied to the adjusted expenses.
- Line 6 - General Expense has been allocated to special facilities for service to P.R.R. in the manner explained in note for Line 2, Schedule 10b.
- Line 7 - The general taxes here allocated are as shown in Company records after deducting therefrom the Pennsylvania Income Tax. The ratio allocated to special facilities for service to the P.R.R. is a composite figure. Capital Stock and Property taxes were allocated on the basis of investment. Federal taxes other than income are related to Operation and Maintenance Expense and were allocated in the same ratios that Operation and Maintenance were allocated. Regulatory commission charges and Gross Receipts tax were not considered allocable to P.R.R.
- Lines 8 and 9 - Income taxes allocated to special facilities for services to P.R.R. have been determined by reference to Schedule 8a. Taxes there shown in Lines 13 and 14 were reduced in the ratio of the respective investments in special facilities for service to P.R.R. and in plant allocated to Baltimore Company (as shown in Line 6 of Schedule 8a).
- Line 10 - Depreciation expense allocated is the sum of the interest and annuity components. The allocation ratio is that shown in Line 4.
- Line 12 - Operating income allocated to special facilities for service to P.R.R. has been determined by reference to Line 12 of Schedule 8a. The amount there shown was reduced in the ratio of the respective investments in special facilities for service to the P.R.R. and in plant allocated to Baltimore Company (as shown in Line 6 of Schedule 8a).

Schedule 13a

Cost of Service Study

1946 Actual and Adjusted

Determination of Baltimore Company's Share of Penn
Water's and Safe Harbor's Total Costs for Special
Facilities Provided for Service to P.R.R.

	Proportional Distribution of Item 13 Among Items 1, 2, 4, and 5	
	Actual \$1000 (1)	Adjusted \$1000 (2)
Penn Water's Costs for Special Facilities Provided for Service to P.R.R. (from Schedule 11a)		
1. Expenses	190	192
2. Return	144	144
3. Total	334	336
Safe Harbor's Costs for Special Facilities Provided for Service to P.R.R. (from Schedule 12a)		
4. Expenses	76	133
5. Return	129	129
6. Total	205	262
7. Total Penn Water and Safe Harbor Cost of Special Facilities for P.R.R. (3+6)	539	598
8. Cost to Baltimore Company for Benning Frequency Changer	78	78
9. Total Cost of Special Facilities for P.R.R. (7+8)	617	676
10. Ratio of Energy Delivered to P.R.R. in Maryland to Total Energy Delivered to P.R.R.	.528	.528
11. Allocated Cost of Special Facilities Provided for P.R.R. Service in Maryland (9x10)	326	357
12. Deduct: Cost of Special Facilities Paid Directly by Baltimore Company (Line 8)	78	78
13. Balance = Baltimore Company's Share of Penn Water's and Safe Harbor's Total Costs for Special Facilities Provided for Service to P.R.R.	248	279

[24393]

Exhibit No. 378

4219

Schedule 13a

Schedule 13bCost of Service Study1946 - Actual and AdjustedNotes to Schedule 13a

Lines 1 to 6 - The data in columns 1 and 2 have been taken directly from Schedules 11a and 12a. The data in the columns 3 and 4 are discussed later in these notes.

Line 8 - Baltimore Company pays to Potomac Electric Power Company specified charges in connection with the use of the Benning Frequency Changer for supply to P.R.R.

Line 10 - The ratio of energy delivered to P.R.R. in Maryland to total energy delivered to P.R.R. is based on the division of energy in 1946. In accordance with the memorandum received as Exhibit 11, Baltimore Company's share of the revenues received from P.R.R. is based on this same ratio.

Line 13 - Of the total cost of special facilities provided for service to P.R.R. in Maryland, Line 11, Baltimore Company pays directly to Potomac Electric Power Company the amount shown in Line 12. The balance is Penn Water's and Safe Harbor's cost for special facilities for service to P.R.R. in Maryland, or Baltimore Company's share of Penn Water's and Safe Harbor's total costs for special facilities provided for service to P.R.R. These costs must be added to Penn Water's and Safe Harbor's other costs for services to Baltimore Company.

Lines 1 to 6 - In columns 3 and 4, the total shown in Line 13 has been broken down proportionately among the expenses and returns of the two companies.